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NEWS SUMMARY

GENERAL

Smith attacks West's bias

Ian Smith said in Washington that the U.S. and the UK should stop their "partisan attitude" and give Rhodesia's interim government the same treatment they had afforded the Patriotic Front guerrillas.

The Rhodesian Premier, speaking after initial talks with a group of U.S. Senators, said it was incomprehensible that the two Western powers should have sided with the Russians and Cubans in backing the Front.

Mr. Smith said he had no plans to present to U.S. Secretary of State Cyrus Vance at a meeting later. Back Page

Telegraph halt made official

The pay dispute which has prevented London publication of the Daily Telegraph since last Wednesday was made official by the National Graphical Association. Telephoto equipment operators are claiming extra pay.

Times Newspapers has tabled its proposals for improved labour relations with the Society of Graphical and Allied Trades. Sunday and daily newspapers have lost 125m copies in the first nine months of the year. Page 8

Israel's hopes

Ezer Weizman, Israeli Defence Minister, left for the Washington peace talks with Egypt saying he was going "with a special feeling. We are entering what I think will be the final talks before we reach a peace agreement." Page 4

Peer in court

Liberal Peer Lord Avebury was fined a total of £50 in London on charges of obstructing the highway and obstructing a police officer during a Jewish demonstration at the offices of a Russian airline.

Seal hunt move

Scottish Labour MP Tam Dalyell tabled an emergency question to the European Parliament in Strasbourg asking for intervention in the seals cull off the Orkney Islands.

Schmidt to Tokyo

Chancellor Schmidt of West Germany and Prime Minister Fukuda of Japan will hold three days of talks in Tokyo next week to assess prospects for a full world economic recovery.

Trial in camera

The Old Bailey secrets trial went into secret session for 90 minutes for legal argument. Afterwards, the judge said it would be necessary to refer to the names of units and their locations by letters and figures.

Plane claim

The Eritrean Liberation Front claimed it had shot down an aircraft carrying troops and supplies in the Red Sea province, where Ethiopia is know to use DC-3 craft for military purposes.

Olympic go-ahead

The 1984 Olympic Games are almost certain to take place in Los Angeles following a compromise financing arrangement accepted by the International Olympic Committee in Lausanne. A Games committee will relieve Los Angeles of the financial burden.

Worldwide . . .

Two gangsters were killed in a shoot-out with police near Tours, France.

Death toll in the West Bengal floods has risen to 687.

Evangelist Billy Graham flew to Poland to speak in a Catholic church for the first time.

Jacques Brel, Belgian singer-composer, died aged 49 after a long illness.

First vote for a new Pope will be on Sunday morning, 12 hours after the Conclave starts.

Viris Vecchi of Italy won the European pipe-smoking contest in Bremen in 2 hours 34 minutes.

BUSINESS

Equities rally; Lead up £11¼

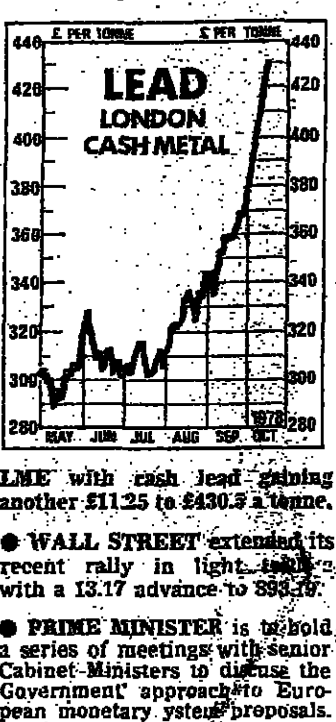
● EQUITIES rallied after an indecisive start, encouraged by hopes of talks in the Ford pay dispute. The FT ordinary index closed 7.2 up at the day's best at 510.2.

● GILTS were little changed and the Government Securities index closed 0.02 off at 69.87.

● STERLING fell 10 points to $1.9895 in quiet trading due to U.S. and Canadian holidays. The pound's trade-weighted index remained unchanged at 62.7.

● Gold fell $1¼ to $221¾ in London and in New York the Comex October settlement price was $224.10 against $222.50.

● LEAD prices rose on the



LME with cash lead gaining another £11.25 to £430.5 a tonne.

● WALL STREET extended its recent rally in light trading with a 13.17 advance to 893.19.

● PRIME MINISTER is to hold a series of meetings with senior Cabinet Ministers to discuss the Government's approach to European monetary system proposals. Back Page

● UK could show a current account deficit of up to $500m this year, in contrast to the modest surplus predicted by the Treasury, according to latest EEC forecasts. Back Page

● CAR SALES in the first nine months of 1978 were 23.48 per cent ahead of the same period last year, according to motor industry figures. Ford was the most successful manufacturer and biggest importer of cars in September. Page 6

● MR. ERIC MORLEY is to resign his posts as chairman of Mecca and directorships of Mecca and Grand Metropolitan and is to be paid £200,000—one of the largest pay-offs ever made. Back and Page 8

● OIL COMPANIES have begun raising the price of naphtha, a basic feedstock of the petrochemical industry, by about 15 per cent to between $150-$155 a tonne. Page 7

LABOUR

● SMITH'S DOCK, the Teesside member of British Shipbuilders, has made 370 steelworkers and ancillary workers redundant at the company's Haverton Hill yard. Workers there refused to sign a guarantee of working practices which could have brought orders to the yard. Back Page

COMPANIES

● FREEMANS (LONDON SW9) pre-tax profits for the 28 weeks to August 12 rose 31 per cent from £5.52m to £7.21m on turnover of £100.77m against £83.37m. Page 23 and Lex

● FMC, Britain's largest meat processing and distribution group, reports pre-tax profits for 1977-78 sharply down to £929,000 against £2.2m. Page 33

● GLAXO HOLDINGS pre-tax profits slipped £0.66m to £86.36m for the year to June 30, in spite of sales up from £488.03m to £543.55m. Page 22 and Lex

● DAVY CORPORATION's proposed £55.5m bid for McKee Corporation of Cleveland, Ohio has attracted investigation by the anti-trust division of the U.S. Justice Department. Page 25

Ford bid to break deadlock with free bargaining talks

BY ALAN PIKE, LABOUR CORRESPONDENT

Talks aimed at breaking the deadlock in the Ford strike will begin today *following an announcement by the company that it is prepared to negotiate* "responsibly under the conditions of free collective bargaining."

The Ford decision to resume talks with the unions is likely to have as much impact on the future of the Government's pay policy as last week's rejection of the 5 per cent guidelines at the Labour Party conference. It will radically change the dimension of the pay strategy talks between Ministers and TUC leaders which begin tonight.

Ford's announcement that it was seeking an early meeting with union leaders—who have been refusing to sit down with the company until it agreed to negotiate without reference to the 5 per cent limit—brought an immediate appeal from the Government for a settlement within the guidelines. If these are regarded as a strict 5 per cent, however, the chances of this cannot now be regarded as high.

The highly-publicised Ford strike is being closely watched by other groups who are in the process of negotiating on big claims, not least lm local authority manual workers.

The request to renew negotiations came yesterday morning in a telephone call from Mr. Paul Roots, Ford's employee relations director, to Mr. Ron Todd, chairman of the union negotiators. Mr. Todd immediately called the trade union side together for a meeting with Ford this afternoon.

Explaining the company's decision, Sir Terence Beckett, chairman and managing director of Ford of Britain, said that the strike—now in its third week—remained bogged down in a "political impasse unresolved by the events of last week."

The company had repeatedly and unsuccessfully sought to find a way through the diametrically opposed views of the Government and the unions. Ford shared the Government's concern about the control of inflation. But it also had to take account of the hundreds of thousands of people and many other companies whose livelihood depended upon Ford.

"The unions have insisted that they will act responsibly under the conditions of free collective bargaining and bear the country's economic situation in mind. We therefore believe that we must now accept those assurances and seek a return to work so that we can enter into just such negotiations," said Sir Terence.

In response the Department of Employment issued a statement re-emphasising the Government's view that the most effective way of controlling inflation was for settlements to be made in line with the pay guidelines.

The statement made no reference to the threat of sanctions which has hung over Ford since the start of the dispute. However, the company is certain to argue that it has already suffered one very solid sanction in the form of more than a fortnight's lost production valued at £10m per day.

Elinor Goodman, Lobby Staff, writes: Some senior Ministers were last night privately conceding that it was almost inevitable that the Government would have to use sanctions against Ford. Only in this way, it was felt, would the 5 per cent limit stand any chance of retaining its credibility after its rejection by the Labour conference in Blackpool last week.

The official line in Westminster was still that the Government had not ruled out the possibility that Ford would settle within the guidelines and that the two sides of the Ford dispute were talking to each other was a cause for optimism.

Editorial comment. Page 20

Output prices boost for single-figure inflation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OUTPUT PRICES charged by industry at the factory gate are continuing to rise at a moderate pace. This reinforces hopes that the 12-month rate of retail price inflation will remain comfortably in single figures at least until next spring.

The wholesale price indices published yesterday by the Department of Industry show that output prices and the cost of industry's raw materials and fuel rose by about ½ per cent during September.

The slight rise in costs followed declines in the previous two months and was mainly the result of higher prices for imported commodities. Industry's *raw materials costs* last month were still fractionally lower than a year earlier.

The indices confirm that the strength of sterling has offset some of the impact of the higher pay rises of the last 12 months and, more recently, of the pick-up of world commodity prices.

These trends have also been reflected in the low level of the Price Commission's index of notified price rises and in the latest CBI trends inquiry conclusion that the average prices at which domestic orders have been booked still point to relatively modest price increases during the next four months.

In addition, the good harvest should also help to hold down prices in the shops as should the strong competition among food retailers.

All this supports the recent projection by Mr. Denis Healey, the Chancellor, that the 12-month rate of retail price inflation will remain at about its present level of 8 per cent for the next six months.

What happens after that will depend on sterling and on the level of pay increases in the current round. Rises in earnings of well over 10 per cent would be required to bring an early return to double-figure price inflation.

The recent favourable trend is most clearly shown by the output price index for manufactured *products. This rose by 0.45 per* cent to 155.5 (1975=100)

Over the past six months the index has risen by 3.7 per cent, compared with an increase of 3.9 per cent in the previous half-year.

This has been slightly surprising in view of the acceleration

Continued on Back Page

WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home sales)
1978	Jan.	139.4	148.3
	Feb.	139.1	149.2
	March	142.0	150.0
	April	145.1	150.9
	May	146.8	151.9
	June	147.0	152.7
	July	145.8	153.8
	Aug.*	144.2	154.8
	Sept.*	145.0	155.5

* provisional
Source: Department of Industry

GEC offers to buy Plessey semi-conductor operations

BY MAX WILKINSON

THE General Electric Company has offered to buy Plessey's semi-conductor operations following an approach from Plessey.

The move is expected to be given Government support as a way of bringing about the long-desired rationalisation of the industry.

Although neither company would comment, it is believed that Plessey's response to a GEC offer is now being awaited.

Plessey's semi-condustor operations are based on plants in Swindon, Plymouth, Towcester in Northamptonshire and Irvine, California. Its sales of about £14m a year make it the largest of the three UK-owned semi-conductor operations.

It makes mainly special components for particular customers. In common with most other semi-conductor manufacturers in Europe, Plessey has been unable to make profits from integrated circuits in recent years.

The two other UK semi-conductor makers are Ferranti, in which the National Enterprise Board holds a 50 per cent interest, and GEC, which has a small operation mainly oriented towards research and development.

The NEB has announced plans to spend £50m setting up a subsidiary called Inmos to make standard semi-conductors for the world market. Meanwhile, GEC has signed a joint venture agreement with Fairchild of California to set up a similar plant in the UK to make high-volume standard components.

The sale of Plessey's operation would therefore concentrate control of UK capacity into two financially strong groups, the NEB and GEC. Both groups would have high-volume capacity in their new factories alongside the existing plant for tailor-made circuits in relatively small volume, although Ferranti and Inmos are at present under separate management.

Fairchild intends to use the new UK factory to mass-produce computer memories and microprocessors for the world market using metal oxide semi-conductor

Continued on Back Page

GEC sells French company, Page 25

British Oxygen offers 8% rise

BY OUR LABOUR STAFF

BRITISH OXYGEN, one of Britain's major employers, breached the Government's pay guidelines last night by making an offer of 8.3 per cent to its 3,000 gas workers in a bid to avoid a damaging strike.

The offer was made after 10 hours of talks at a London hotel. After the management indicated its increased offer, Mr. John Miller, the Transport and General Workers' Union national secretary for the chemicals industry and the chief negotiator, said: "It is clear that we are talking now about the company's ability to pay, rather than the Government guidelines.

"*I believe we have crossed* a major hurdle here tonight. We will come to an agreement which will not hide behind the Government's skirt.

Conference

The renewed offer was likely to be put to a resumed delegate's conference in London on Friday.

Earlier in the talks, which were punctuated by adjournments during which management and unions met separately, the company made an offer of about 5 per cent.

Negotiators had said they were heartened by the company's initial response. But later, Mr. Miller said: "We now realise that if their offer is outside the 5 per cent limit, it is only marginal."

The management side went back to think again. Mr. Miller later said that unless management changed its position the talks would come to an abrupt finish.

Dispute

Last year, a four-week dispute by gases division workers caused *more than 30,000 lay-offs* throughout industry as companies were starved of industrial gases. This year, the British Oxygen workers are seeking a substantial pay rise, improved shift allowances and moves towards a 35-hour week.

Mr. Miller said during an adjournment in yesterday's talks that the company's opening statement had given the union side some encouragement because it did not refer to any Government guideline. But after analysing *the offer, the unions decided* that they were not happy.

He said productivity had not been mentioned in the initial offer but there was a company commitment to the principle of a shorter working week on which talks could be held.

Iran seeking reduction in nuclear plans

BY ANDREW WHITLEY TEHRAN, Oct. 9.

THE IRANIAN Government is seeking cuts in its huge defence and nuclear power budgets to compensate for the large pay rises being awarded to about 600,000 civil servants.

A permanent casualty may be the Shah's *highly-ambitious* nuclear power station programme costing at least $60bn to $70bn. But initially commitments for this year are likely to be deferred.

The move comes amid signs of increasing industrial unrest, political violence and a major split in the Cabinet.

Diplomats say Iran is likely to stop at the four power stations being built—two by France and two by West Germany, costing an estimated $10bn-$13bn — instead of the planned $20bn.

Talks which had been progressing well with France for the past three months for another four nuclear plants, have been suspended, and are unlikely to be resumed.

The extent of the cancellations is still *unclear*. Kraftwerke Union, a subsidiary of Siemens, which has an "advanced letter of intent" for four 1,200 MW plants today denied Press reports that its contract would be cancelled.

Cuts in the arms buying programme are apparently being *sought for the first time since the* massive build-up began in the early 1970s.

The prime target for deferment, and possible cancellation, is the order for seven U.S. early warning radar aircraft, the AWACs, costing about $250m each.

A British Embassy official denied a local Press report that the contract to supply Iran with about 2,200 Chieftain tanks was threatened. Privately, Britain is understood to have been re-*assured that there is no quesion of* cutting down or delaying the delivery of Chieftains.

Big pay demands sweeping Iran's administration, public utilities, State-run industries and the rail and air transport system have virtually paralysed Govern-*ment work*. It has added a dangerous new element to the continuing political crisis here.

Mr. Ardeshir Zahedi, the Shah's son-in-law and close political adviser, flew back to Tehran tonight from his post as Ambassador to Washington for urgent talks with the Iranian monarch. His surprise trip—the second in a month—comes in the face of speculation here that another change of government, bringing in a military man as prime minister, may be in the air.

The daily round of street violence, with its continuing death toll, shows no sign of abating. Over the past three days the focus has shifted to the Caspian coastal towns of Babol and Amol where four people are said to have been killed and more than 50 injured.

University campuses throughout the country remain deserted, on the third day of the new academic year. Students, either boycotting classes or locked out by the University authorities, have submitted increasingly political demands. But only minor clashes with the security forces guarding the campuses have been reported.

Mr. Jaafar Sharif-Emami, the Prime Minister, has the added burden of what appears to be an open split in his six-week-old Cabinet.

Mr. Nasrullah Mojdehi, the Health Minister, *resigned* yesterday, apparently because of a dispute with Mr. Manouchehr Azmoun, the Minister for Executive Affairs, over official appointments.

Three or four other ministers of the six retained from Mr. *Jamshid Amouzegar's previous* government are also thought to be considering resigning.

The industrial disputes which have stopped postal services for the past six days, disrupted transport, closed down hospitals and brought most government work to a halt, have spread to the two largest State-run industries, steel and copper.

Thirty thousand workers at the Russian-built Aryamehr steel mill, near Isfahan, are reported to have walked out in support of *a pay demand*. At the Sar Cheshmeh copper mines, near Kerman, workers, engineers and clerks were also reported to be on strike yesterday. Sar Cheshmeh was just about to begin the commercial production of blister copper after 10 years of *preparatory*

Threat to arms deals Page 6

$ in New York

—	Oct. 6	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

FT international bond service

From today the Financial Times will publish its own daily list of prices of international bonds. This list will provide average closing price quotations for the 200 most recently issued international bonds.

It will be updated once a week to include new issues, and will show yields, price changes and other significant data. The first list appears today on page 26.

Daily prices for an invisible market, Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Bambers Stores	166	+ 7
Brown & Jackson	256	+ 10
Brown (J.)	474	+ 18
Cartiers	90	+ 6
Centreway	278	+ 12
Common Bros.	140	+ 10
Coral Leisure	122	+ 4
Daily Mail A	392	+ 14
EMI	165	+ 5
Empire Stores	177	+ 7
Foster Bros.	182	+ 7
Freemans	405	+ 25
GEC	337	+ 7
GUS A	328	+ 6
GKN	275	+ 7
Hewden-Stuart	68	+ 4
Ladbroke	198	+ 5
Lake & Elliot	56	+ 7
Lucas Inds.	314	+ 8
Peachey Prop.	88	+ 3½
Pearson (S.)	243	+ 9
Reed Executive	79	+ 6
Ricardo	328	+ 14
Stewart Plastics	182	+ 8
Stocklake	70	+ 8
Tesco	56½	+ 2½
Thorn Elect.	383	+ 9
Turner & Newall	192	+ 7
Anglo-Indonesian	102	+ 5
Tara Expln.	975	+ 113
FALLS:		
Glaxo	605	— 22
Leigh Interests	139	— 6
Marchwiel	134	— 8
Saga Holidays	176	— 5
Anglo American Corp.	356	— 20
De Beers Defd.	403	— 18
Kloof Gold	595	— 17
Southvaal	557	— 17
Union Corp.	305	— 15
Vaal Reefs	£14¼	— ⅝

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

WEST GERMANY'S Christian Democrats have grounds for deep soul-searching following yesterday's state Parliamentary elections in Hesse. The electorate not only demonstrated their faith in Chancellor Helmut Schmidt's Social Democratic-Liberal coalition, but also gave fair warning that the "politics of moderation" are still a sure vote-catcher.

Yesterday's election, it is generally agreed, provided the Christian Democratic Union (CDU) with the best chance they have ever had of capturing the Minister-Presidency of "Red Hesse." The Social Democrats (SPD), who have ruled in coalition with the Liberal Free Democrats (FDP) since 1970, were demoralised and in disarray, following a series of scandals involving many of the party's most senior members. The FDP was on the run, having failed to achieve even the 5 per cent of the vote needed for Parliamentary representation in the Hamburg Senate and Lower Saxony state elections.

Since 1970, the Christian Democrats under their leader, Dr. Alfred Dregger, have greatly increased their share of the vote. It rose from 39.7 per cent in the 1970 state elections to 47.9 per cent in the 1977 local elections. The SPD-FDP state Government coalition has had an uninspiring record in many important areas, including the sensitive question of education policy.

An added bonus came in the form of the so-called "green" (ecological) parties running on the environmentalist ticket. These were expected to pick up votes from the SPD-FDP, whose

HESSE STATE ELECTIONS

CDU missed its chance

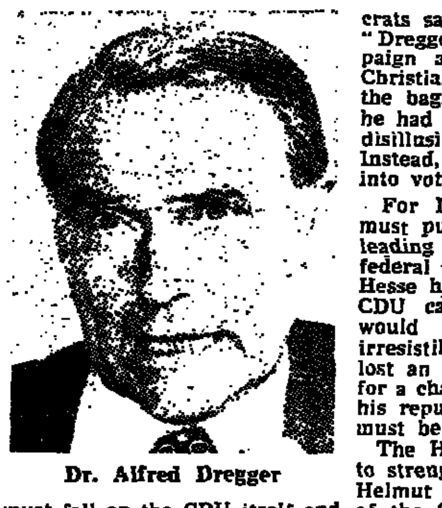
BY GUY HAWTIN

FRANKFURT, Oct. 9.

environmental policy has come under heavy fire. Despite this, the CDU failed to pick up the 3 per cent needed to give it an absolute majority—indeed, it saw its share of the vote fall to 46 per cent.

The Christian Democrats were unlucky, however, in the fact that the fate of the federal Government hung on the outcome of the state election. Had the voters installed a CDU Government in the state Parliament, housed in the former palace of the Dukes of Nassau in Wiesbaden, they would also have given the party a two-thirds majority in the Bundesrat, the federal Upper House. Such a majority would have enabled the CDU to block all of the federal Government's legislation, rendering the conduct of government impossible. While Dr. Dregger, towards the end of the campaign, emphasised that he had no intention of allowing this to happen, there is little doubt that Chancellor Schmidt would have had to go to the polls.

The Christian Democrats and Liberals fully exploited this situation. The state hustings were turned into a vote of confidence in the federal Government, and all three parties turned out their top brass to support the local candidates. Rarely was a state electorate so intensively wooed. However, much of the blame for its defeat



Dr. Alfred Dregger

must fall on the CDU itself and its leader, Dr. Dregger. The CDU fought an unashamedly right-wing campaign, clearly inspired by Dr. Dregger.

Dr. Dregger, who sees eye-to-eye on most issues with Herr Franz-Josef Strauss, leader of the CDU's Bavarian sister party, is an articulate exponent of policies of the CDU's Right. However, to many observers it seemed that he overlooked the fact that he was trying to win votes from a traditionally left-of-centre electorate. A local worker for the Social Democrats said just before the poll: "Dregger has played this campaign all wrong. He had the Christian Democratic voters in the bag, whatever he said. All he had to do was win over the disillusioned Social Democrats. Instead, he is frightening them into voting for us or the FDP."

For Dr. Dregger the defeat must put paid to his hopes of leading the CDU to the next federal elections. Had he won Hesse his claim to be the next CDU candidate for Chancellor would have been virtually irresistible. As it is, he has lost an election in a state ripe for a change in government, and his reputation as a vote-winner must be seriously sullied.

The Hesse defeat must serve to strengthen the hand of Herr Helmut Kohl, whose leadership of the CDU has not met with general approbation. Herr Franz-Josef Strauss has threatened to end the CDU-CSU coalition and form a federation-wide "fourth party" if the CDU failed to take Hesse. However, the Hesse electorate's response to what were virtually Herr Strauss's policies must put the political viability of such a project in doubt.

Voters clearly rejected any tendency towards extremism. The CDU lost 1.9 per cent of the vote. The "green" parties were given what can only be described as a raspberry, picking up a derisory 2.1 per cent of the total poll—far worse than they had ever expected. The Communist Party (DKP) and the allegedly neo-Nazi National Democratic Party (NDP) managed to scrape together a mere 0.4 per cent each.

In contrast, the Social Democrats adanced by 2 per cent of the vote—to 44.3 per cent—compared with their performance in the 1977 local elections. At the same time, the FDP saw its proportion of the poll go up from 5.4 per cent to 6.6 per cent.

Last night neither Herr Kohl nor a despondent-looking Herr Strauss would comment on the prospects of the formation of a "fourth party," while Herr Helmut Schmidt mused that it raised the spectre of Weimar, where a plethora of parties made the formation of coalitions almost impossible. Dr. Dregger himself pointed out that the FDP, with its small proportion of the total vote, could hardly be considered a real "third party." But significantly he added: "The unity of the [Christian Democratic] Union is worth a lot and should not be lightly thrown away."

The Hesse electorate's support for Chancellor Schmidt's Government, coupled with its rejection of a more Right-wing-oriented CDU platform, poses considerable image problems for the party. Chancellor Schmidt, whose Government can in no way be described as radical, has stolen the midle ground of the political spectrum. Unless there is a substantial swing to the Left in his Government's policies, how can the CDU offer an alternative and still appear moderate?

Shop-floor drive by French Socialists

By David Curry

PARIS, Oct. 9.

THE French Socialist Party is to launch a campaign to strengthen its organisation on the shop floor. It wants to expand its present 1,200 company-based party cells to 2,000 by the end of next year.

M. Francois Mitterrand, the party leader, was careful to insist that he was not seeking to challenge the Communists directly, who dominate political activity in industry, thanks largely to the support of the CGT union grouping which is Communist-led and almost three times the size of the Socialist-leaning but loosely-knit CFDT.

A strong element within the Socialist Party, led by M. Pierre Mauroy, the mayor of Lille and head of the strongly industrial northern federations, insists that the Socialists must compete with the Communists for the working-class vote.

If they do not, argues M. Mauroy, the Communist Party will expand its base from its present preoccupation with the lower-paid workers in traditional industry and the "poor." This would leave the Socialists vulnerable to the loss of support on the Left, without their making a compensatory break-through towards middle-class support in the centre of the political spectrum.

Meanwhile, while the Socialists were deciding "to attack the fortress of capitalism," the Gaullists, the leading party in the Government coalition, have been working out a modus vivendi with M. Raymond Barre, the Prime Minister, whose economic policy is criticised either as too permissive because of its budget deficit and the evidence of wage increases, or too rigorous and insensitive to unemployment.

M. Jacques Chirac, the party leader, made a conciliatory week-end speech, saying that the Government was respecting the "essential" of Gaullist belief and denying any intention of waging Parliamentary guerrilla warfare.

At the same time, he reverted to his recent theme that the Government was not pursuing the policies expected by the electorate, and that the Gaullists had the right to articulate this popular dissension.

In the event, the Gaullist delegation, led by M. Claude Labbe, the Parliamentary leader, said that they had simply expressed their reservations to M. Barre without attempting to bargain their support for specific concessions. However, they had pressed for "a more real participation" in Government-policy formation.

Sweden liberals in difficulty ove[...] new coalition bi[...]

BY WILLIAM DULLFORCE

STOCKHOLM, Oct.

OPPOSITION from within his own party to co-operation with the Moderates (Conservatives) is complicating efforts by Mr. Ola Ullsten, the Liberal leader, to form a non-Socialist Swedish Government.

After party leaders had completed another round of visits to the Speaker of Parliament, Mr. Henry Allard, today, it was becoming increasingly evident that Mr. Ullsten would have to try to form a Cabinet based only on his Liberal Party, which commands only 39 of the 349 Members of Parliament.

After the Prime Minister, Mr. Thorbjoern Faelldin, had resigned last week over the nuclear power issue and taken his Centre Party out of the majority non-Socialist coalition, Mr. Ullsten and the moderate party leader, Mr. Goesta Bohman, agreed in a joint statement that a minority non-Socialist Cabinet should be formed. It would be based on the programme drafted by the three non-Socialist parties when they came to power in 1976.

Since then many Liberal MPs and newspapers have come out against co-operation with the Moderates. At the same time the Social Democrat opposition leader, Mr. Olof Palme, stated that his party would against any Government base the non-Socialist programme 1976. This would put Liberal-Moderate coalition mercy of the Centre which has already broken them over nuclear policy.

The pressure on Mr. Ullsten form an all-Liberal Cabinet been growing. The women's organisation this noon urged him to take course. A Liberal Government would be able to seek a ma to the Left or to the Right each major issue in Parliam But such an outcome would complete the dissolution of non-Socialist bloc.

A new election is a less able outcome since it would to centre on the nuclear issue, a prospect which Social Democrats, Liberals Moderates would not Under Swedish law a new tion will in any case have held next September.

This evening the Speaker Allard had started on and round of consultations with leaders. He has previously that he would nominate a date for Prime Minister row.

Eanes close to a formula

BY JIMMY BURNS

LISBON, Oct. 9.

THERE ARE growing indications that President Ramalho Eanes may be nearing a solution, if only a temporary one, to the political stalemate that has persisted here since Portugal's third constitutional Government was defeated in Parliament last month.

Although the President and political leaders have virtually ruled out any short-term possibility of a new inter-party agreement, an attempt is now under way to reach consensus on a new prime minister capable of forming a Government of independents.

The Government is expected to include some members of the defeated administration, now acting in a caretaker capacity, but slightly adapted to include representatives of political parties.

Although such a formula does not differ essentially from that which led to Portugal's third constitutional Government under Sr. Alfredo Nobre da Costa, it may have more chance of success.

Inflation down in Switzerland

By John Wicks

BERNE, Oct. 9.

ANNUAL INFLATION dropped to below 1 per cent in Switzerland last month for the first time since January 1977. The consumer-price index declined by 0.2 per cent from the August level and was thus only 0.8 per cent higher than last September.

The growth in the Swiss cost-of-living is expected to remain minimal in the coming months, as a result of the marked fall in import prices in terms of Swiss francs

Ankara raiders kill six

BY METIN MUNIR

ANKARA, Oct. 9.

FOUR GUNMEN, believed to be a right-wing execution squad, raided a flat in Ankara to-day and killed six of the seven men living there. The seventh was critically injured.

The gunmen overpowered the seven after breaking into the flat in a middle class district of the capital before dawn. They bound the men's hands with wire and gagged them with rags soaked in ether. Five of the men were then shot. One survived and is in hospital with serious wounds which left him paralysed.

The two remaining men were kidnapped by the killers. Their bodies were later found dumped by the roadside about 20 miles from Ankara.

The paralysed surviver is quoted by the semi-official Anatolian news agency as saying that the murderers were supporters of the Nationalist Action Party. "I would recognise them, they belong to armed Fascist organisations."

Austrian Socialists hit by setbacks in local poll[...]

BY PAUL LENDVAI

VIENNA, Oct.

THE RULING Austrian Socialist Party has suffered setbacks at two municipal elections. The party lost three seats at the municipal elections in Vienna yesterday, and failed to gain any additional votes in the province of Styria.

The Austrian Press today claimed the set-backs were a political signal with far-reaching implications for the general elections scheduled to take place at the latest in October, 1979. Speaking at a news conference today, however, the Chancellor, Herr Bruno Kreisky stressed the local and regional character of the elections. He also referred to the possible role of opposition to nuclear power as the reason for the massive and unprecedented failure of thousands of voters to show up in traditional Socialist strongholds in the capital. There will be a referendum on November 5 to decide whether Austria's first nuclear plant should go onstream or not.

About 40 per cent of Austrian electorate went polls yesterday. The Socialists in Vienna slipped from 60 cent of the popular vote and seats to 57.2 per cent and seats, while the opposition People's Party gained five tional seats and increased share of the poll from 28 33.8 per cent.

But the other small opposition grouping, the Freedom Party 2 seats to the Populists dropped from 7.7 to 6.5 per of the vote. The result important because it shows the change of leadership the switch to a pronounced right-wing line by the Free Party failed to make any in in Vienna.

By contrast, in the province of Styria, the Freedomites new leader is also Mayor of the provincial capital, won seat from the ruling Popu and also increased their of the vote from 4.6 per 6.4 per cent.

Guard shot dead in Basque town

ELGOIBAR, Oct. 9.

TWO YOUTHS tonight shot and killed a member of the paramilitary Civil Guard as he was walking to the force's barracks in this Basque town between Bilbao and San Sabastian. The gunmen made their attack from a car.

Corporal Anselmo Duran Vidal died after an emergency operation. He had been in charge of the weapons store at the barracks.

It was the second such shooting in the Basque country in a week. Four masked gunmen shot dead the deputy commander of Bilbao naval base last Tuesday.

Reuter

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Europe court 'overloade[...]

BY MARGARET VAN HATTEM

LUXEMBURG, Oct.

BRITAIN TODAY called for tighter control over access to the European Court of Justice. Lord Elwyn-Jones, the Lord Chancellor, said the rapid growth of subsidiary Community legislation had increased the court's work to a point where its quality was threatened.

Instead of increasing the number of judges from nine to 12, as proposed b ythe European Commission, Britain has suggested that the court's work should be reduced. This would be done by allowing only the highest court in each member state to refer cases to the European Court and by restricting its competence to major cases — disputes between states, or state and commission, matters of principle and interpretation of conventions. Separate specialised EEC courts could be set up to deal with lesser matters such as patents, bankruptcies and trade marks.

Lord Elwyn-Jones conc that his proposals would rewriting the Treaty of Rome that it was not given enthusiastic reception at a ing of European Justice Min here today. But, he said French, Irish and Danish given some support.

Reuter adds: The Ju Minister approved a Community directive ali national laws on con mergers and setting out for keeping shareholders formed and for safegua their interests.

Member states would three years to adapt their legislation to the new which would specially countries with easy-going on company takeovers, of said.

They added that the dir could later become the basi Community legislation on national mergers.

Norway's minority Government faces pay freeze trouble

BY FAY GJESTER

OSLO, Oct. 9.

NORWAY'S minority Labour Government faces serious trouble in securing Parliamentary approval for its Bill to authorise a 15-month prices and incomes freeze, to last until the end of next year. The Bill, tabled at the weekend, contains concessions to organised labour which the Opposition regards as unfair to non-union workers. When its terms were announced an employers' spokesman said the measure would "eliminate" the effect of the wage freeze in 1978, and considerably weaken it next year.

"Who is running the country: the Government or the TUC?" asked Mr. Kaare Selvig, director of the Employers' Association (NAF). Leading Opposition politicians have been equally critical.

The freeze, effective since September 12, is being temporarily enforced by decree, but needs Parliamentary authorisation. The non-socialist Opposition supports the principle of a freeze, in view of the country's serious economic problems. It objects, however, to certain provisions of the Bill which will allow some union workers to get pay increases during the freeze period. Non-union workers will not benefit from these rules.

The disputed clauses in the Bill, included after intensive lobbying of the Government by Norway's TUC, the LO, make important exceptions to the freeze rule:

● Union pay agreements normally renegotiated in the autumn, and not settled when the freeze was announced, can still be adjusted upwards, and bargaining can continue up to December 1. This also applies to local negotiations at factory level (that is, not merely the national agreements for whole *categories of workers*).

● Pay increases can be granted when workers reach levels of seniority, or get automatic promotions, in accordance with existing union-employer agreements.

● Workers on training or apprentice pay must move up to the full union rate for the job when the apprenticeship or training period ends.

A leading Conservative politician, Mr. Kåre Willoch, has already given warning that his party will seek to have the Bill amended so as to eliminate the present discrimination in favour of union members. He claimed that as it stood, the measure would undermine respect for the freeze, and thus weaken the whole economy.

Mr. Gunner Stålsett, leader of the Centre Party, said the Government must be persuaded to change its mind. "If the economic situation is to be put right, there must be cooperation between Government and Opposition. With this Bill, the Government has not paved the way for such cooperation."

● **Reuter adds:** Norwegian companies will not be allowed next year to pay dividends for their 1978 financial year which are higher than those of 1977, according to Norwegian bankers. They said they believe this move will form part of the Government's strategy for freezing prices and incomes in a Parliamentary Bill to be presented in connection with the national budget. A temporary freeze is now in effect through a provisional decree. Given the current economic background, *few* companies would be in a position to raise their payouts anyway, the bankers said.

Last week the Government said in its economic policy statement that the regulation of share dividends was considered but excluded for now, although, in view of the measures adopted for wages and incomes, it was necessary that unearned incomes be evaluated on the basis of the same principles. The development in share dividends would, therefore, be followed closely and, if necessary, dividend regulation would be considered, the Government added.

Rift with USSR widens

BY OUR OWN CORRESPONDENT

OSLO, Oct. 9.

NORWEGIAN-SOVIET relations have deteriorated further as a result of Norway's decision to retain the "black box" flight recorder *from* a Russian military aircraft which crashed recently on Norwegian territory, at Hopen Island, in the Svalbard archipelago. In a note to the Norwegian Government, Russia has described the decision as "an un*friendly action*" and *claims* that it is counter to international law.

The note was delivered more than a week ago by Russia's ambassador to Norway, Mr. Juri Kirischenko, but not made public until late on Friday. On Friday, too, it was disclosed that the ambassador had cancelled at short notice a lecture he was to have held today at the Norwegian Defence Staff College. The Russians recently cancelled a planned visit to Moscow by Mr. *Johan Jørgen Holst*, Norway's Deputy Defence Minister.

Romanian dissident stands up to pressure

By Paul Lendvai in Vienna

A FORMER member of the leadership of the Romanian Communist Party, Mr. Karoly Kiraly, has defied strong official pressure to silence his protests over discrimination against ethnic minorities.

According to information from reliable sources reaching Vienna, the 47-year-old leader of a campaign for minority rights was recently sacked from his last minor job as manager of a furniture plant in the small town of *Caransebes and summoned to* Bucharest where he was accused of being a traitor to Socialist Romania.

Despite threats, Mr. Kiraly, of Hungarian origin, refused to denounce his own appeals, which earlier this year were widely published in the Western Press.

The same sources report that friends of Mr. Kiraly are concerned about his safety *following two recent ominous* incidents. First, Mr. Kiraly had a near collision with a heavy lorry which was heading straight for his car. Second, a few days later the windshield of his car was shattered after he had heard a shot. After two weeks of investigation, however, the police told him that it must have been a stone from the road that caused the damage.

Mr. Kiraly is the highest-ranking party official ever to oppose publicly President Ceaucescu's policies. Until 1972 he was an alternate member of the Political Executive Committee and until 1974 a member of the Central Committee to the top leadership. In 1970 he accompanied President Ceaucescu to Moscow for the Lenin centenary celebrations.

As *vice-president of* the Hungarian Nationality Council, Mr. Kiraly protested both at closed meetings and later in three appeals sent to top officials against the alleged suppression of Hungarian language and culture and the appointment of Romanians to all key posts even in towns with a Hungarian majority.

Several Central Committee members of Hungarian origin, including Professor Lajos Takacs and the celebrated writer, Mr. Andras Sutoe, sent similar memoranda to the Communist authorities on behalf of the 1.7m strong Hungarian community.

Mr. Kiraly is now said to live again in his native town of Tirgu Mures in Transylvania with his wife and 13-month-old baby. He has no job and lives in his parents' house, which is kept under a 24-hour watch.

President Ceausescu reaffirmed in several recent speeches the full equality of the Hungarian and German minorities and only passingly referred to traitors willing to sell their country "for a plate of goulyas"

Mr. Kiraly's protests and the Romanian crackdown on Hungarian dissent has provoked some tensions between the two countries. An article by the prominent Hungarian writer, Mr. Gyula Illyes, publicly expressed concern about the treatment of ethnic Hungarians in neighbouring countries.

In turn, Mr. Illyes was attacked this summer by a leading Romanian cultural functionary, Mr. Mihnea Gheorghiu, as a Fascist reactionary seeking to turn back the wheels of history.

Last week the Hungarian writers were informed about an exchange of letters between the Hungarian and Romanian Writers Unions. The Hungarians defended Mr. Illyes The Romanian answer complained about inadmissible attempts at interference in Romanian internal affairs.

The president of the Romanian Writers Union and former Foreign Minister, Mr. Gheorghe Macovescu, offered to go to Budapest to discuss the issues. At the writers' meeting in Budapest, several noted Hungarian intellectuals stressed that it was not just the attack on Mr. Illyes but the position of the Hungarian minority which was at issue.

It is understood that the Hungarian and Romanian parties have also recently exchanged *letters about the delicate pro*blem of the Hungarian minority, which was discussed at a Hungarian-Romanian summit meeting by President Ceaucescu and Hungarian party leader, Mr. Janos Kadar, in the summer of 1977.

The Hungarian leadership feels that only quiet diplomacy can help the Hungarians in Romania, who account for some 8 per cent of the total population. The Hungarians maintain that their number is in fact well over 2m, while the Romanians emphatically reject charges of manipulation concerning the 1977 census results.

But 76-year-old Mr. Gyula Illyes and a strong group of writers and intellectuals in Budapest evidently feel that the tactics of silence have failed to stop what Mr. Kiraly called a tendency to forcefully assimilate the nationalities living in Romania.

The fate of Mr. Kiraly himself, who was ousted from all his political positions and according to unconfirmed reports also expelled from the party, may be a significant pointer to the line President Ceaucescu will choose in coping with the alleged grievances of the *minority. It will also be a* pointer to the path of future relations between the two countries.

THE ICELANDIC ECONOMY

Indexation pushes inflation over 50%

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT, RECENTLY IN REYKJAVIK

THOSE INTERESTED in the anatomy of inflation should take a look at Iceland. Since the beginning of 1974, Iceland's annual rate of inflation has varied from 26 to 55 per cent. It has devalued four times in addition to allowing the krona *to float downwards in 1976 and* 1977. Its failure to shackle inflation produced a shattering defeat for the governing right-wing coalition at the polls this summer.

To anyone who has been visiting the island regularly over the past four years the nervous strain of coping daily with volatile prices, incomes and taxes is evident. The social fabric of this miniature economy of 220,000 *people is becoming strained as* individuals and interest groups compete for public funds and the central bank is forced to print more and more money.

Yet there is a paradox, for the basic economy is not really in bad shape. Per capita gross national product will grow by some 2 per cent this year following a 3.8 per cent improvement in 1977. Having gained control of its 200-mile fishing limit, Iceland has sufficient resources to sustain the economy at its present level and fish prices have been good. Nor can the Icelanders be charged with living beyond their means like some of their Scandinavian colleagues; the payments deficit has been fairly small over the last two years.

The main generator of recent inflation has been the elaborate indexation apparatus which links almost everything to the cost of *living. Apart from a period of* Independence Party-Social Democrat rule in the 1960s, successive Icelandic governments since the war have tried to ease the effect of inflation on incomes and capital by linking their development to consumer prices.

Well-intentioned as these compensatory devices have been, they have also established an almost automatic mechanism for accelerating the inflationary spiral, whenever any one factor nudges upwards. The Independent-Progressive Party coalition headed by Mr. Geir Hallgrimsson succeeded in reducing the inflation rate to 26 per cent in the summer of 1977, when the trade unions negotiated a wage settlement compensating their members for losses in real incomes and restoring full indexation. By the middle of this *year consumer prices were rising* again at an annual rate of over 50 per cent.

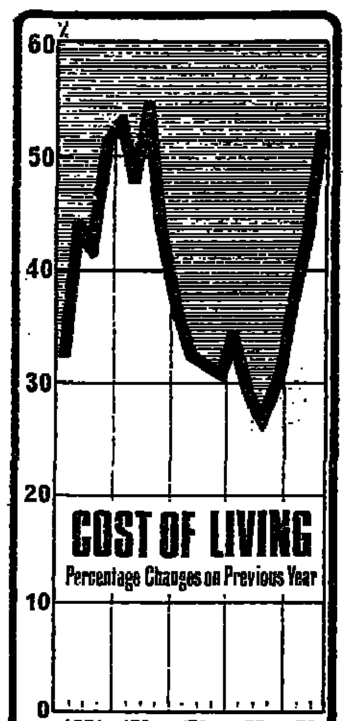
Mr. Hallgrimsson was defeated in the June general election after devaluing in February and challenging the unions head-on with legislation, which halved the price compensation on wages they had negotiated with the employers. He might never have heard of Mr. Edward Health's disastrous attempt to tame the *British unions in a similar* fashion. The new left-wing coalition of the far-left People's Alliance, the Social Democrats and Progressives under Mr. Olafur Johannesson has restored full indexation but is promising to revise the whole apparatus.

Iceland is vulnerable to inflation because it depends on one basic resource. Fish provides over 70 per cent of its export income and fish prices can vary violently. Coupled with a strong labour movement, a commitment by all political parties to full employment and inadequate techniques for controlling money supply and managing demand, this adds up to a recipe for inflation and frequent devaluations.

A committee set up by Mr. Hallgrimsson to recommend cures for Iceland's inflation processes reported earlier this year. Pinpointing fluctuations in fish export prices as the main trigger, *it recommended that the existing* Fish Price Equalisation Fund be made more effective and plumped for some form of incomes policy.

Both tools are needed to cope with the problem of distributing export earnings within the economy. The Price Equalisation Fund is operated by the fisheries industry, although its role is crucial to the whole economy, since any increase in incomes with the fisheries provokes demands for parity in the rest of the economy.

Even within its own industry, the Fund has been used, not as was originally intended, to even out fluctuations in export income but as a source of finance for the fishing fleet and freezing plants. The committee suggests either that the Government control the Fund in the interests of the nation as a whole or that it should operate under automatic *rules related specifically to fish* export prices.



The strong farming and trade union groups ensure that the index system functions and that other Icelanders' living standards do not fall below those of the fishermen, so that the case for a national incomes negotiating frame work is also evident. Mr. Hallgrimsson's Right-wing Cabinet could not get union support for this. The hope is that Mr. Johannesson's Left-wing coalition can do better, but the rivalry for union backing between the People's Alliance and the Social Democrats could complicate matters.

So far, the new Government has devalued again and appeased the unions by restoring wage indexation, boosting consumer subsidies and by raising wealth and coporate taxes. It also in*creased some import duties and* slapped a 10 per cent tax on foreign currency bought for travel abroad.

These measures are referred to ironically by the Opposition as "trying to subsidise inflation away," but to the Government they are stop-gap measures, while it thrashes out a policy.

Mr. Johannesson's target is to bring the inflation rate to under 30 per cent next year and to *balance the budget over the 16* months to the end of next year. Inevitably, some of the new taxes must be extended through 1979 and heavy cuts will be needed in government spending elsewhere

Further hydroelectric power projects will be postponed, although the twin-furnace ferro-silicon plant being built by the State and Norway's Elkem-Spigerverket will probably be completed. Mr. Johannesson also has his eye on the plethora of public investment funds, which now supply almost as much of the increase in annual lending as do the banks.

A cutback in investment is also logical with regard to the foreign debt, which stood at roughly $650m by the middle of the year. Debt servicing has taken a fairly modest 14 per cent of export earnings during the past two years but amortisation will peak during 1979 and 1980. Mr Johannesson *can scarcely* balance his budget by borrowing abroad.

The Government also has a decision to make about trade relations with the EEC and EFTA. The Federation of Industries has asked it to negotiate a three-year postponement of the final abolition of tariffs scheduled to take place on January 1, 1980 with both blocs. The Federation argues that the Government has not done enough to gear domestic industry to meet competition from Scandinavia and the continent.

Creation of Irish jobs 'will miss target'

By Stewart Dalby

DUBLIN, Oct. 9.

IT NOW looks as if Ireland will not achieve its target of creating 20,000 new jobs by the end of this year, it was disclosed today by Dr. Martin O'Donoghue, the Minister of Economics and Planning. A failure to reach the target would mean that unemployment would be unlikely to fall to 8 per cent by the end of this year. It is now 9.4 per cent.

Unemployment figures in Ireland are notoriously difficult to be precise about because the number of insured persons on the "live register" excludes farmers and school-leavers. This *means that the figure of 94,000* seasonally adjusted unemployed —which is the current total out of a workforce of just on 1m—understates the true total of jobless.

Research economists estimate that the real unemployment figure is near 11 per cent, or even above, if farmers, who do not qualify for insurance registration, are included as well as school-leavers. However, they point out that the current 9.4 per cent. figure is accepted by the EEC as the working total for the jobless level in Ireland.

By this criterion, the Government's target of creating 20,000 new jobs would have meant a 1.14 per cent fall in unemployment. This would have been the case even though the 20,000 figure was not expected to have represented a net increase. Instead, the figure would have taken account of new workers *coming on to the employment* register, particularly from the land.

● **Agencies report:** Amnesty International has strongly criticised the Irish Government for rejecting new ideas on safeguards for people in police custody. The ideas, in the form of recommendations, came from an independent committee set up by the Government in 1977 after an "Amnesty mission had reported maltreatment of detainees held for up to seven days under the Emergency Powers Act.

AMERICAN NEWS

U.S. prime rates set for increase to 10%

BY JOHN WYLES NEW YORK, Oct. 9.

STEADILY INCREASING money market rates appear to be setting the stage for a rise in U.S. commercial banks' prime rates to 10 per cent within the next week or so.

This would return the prime rate to its January, 1975, level and would underline the fact that the Federal Reserve is still losing its struggle to rein in the expansion of credit by pushing up short-term interest rates.

The resilience shown by the U.S. economy in the face of steadily tightening credit conditions has surprised many observers, and the Fed is being subjected to strong criticism from many Wall Street economists for erring on the side of caution in its interest rate policies.

Pointing out that credit expansion remains "extraordinarily vigorous," Dr. Henry Kaufman, chief economist at Salomon Brothers, warned at the weekend that "the Fed's failings not only spell deep trouble for monetary policy formulation, but also for financial markets, in the form of much higher interest rates, and the economy as well."

Summing up the task confronting the central bank, he said that it was facing the twin challenges of an economy that was not about to buckle and the continued international weakness of the dollar "with a policy that has as yet displayed little or no effectiveness."

The pressure towards a 10 per cent prime rate stems from the rising costs of banks' lendable funds — itself a result of Fed credit tightening in the past two weeks. Analysts say that the present 9.75 per cent prime rate is yielding an insufficient margin over six months certificates of deposit — an important cash resource for banks, whose rates have risen from 9 per cent to 9.20 per cent in the past couple of weeks. At the same time, 90-day commercial paper rates have risen from 8.5 per cent to 8.875 per cent.

Although it is being suggested here that some banks may be reluctant to incur the stigma of leading the way to a double digit prime rate, Citibank, the nation's second largest bank, bases its prime rate on the three week average rate of commercial paper. It pitches the prime at 1.25 per cent above this average which means that it may have the option of going to 10 per cent as soon as this Friday.

Deadline threat to tax cut hopes

BY DAVID BUCHAN WASHINGTON, Oct. 9.

WITH CONGRESS due to adjourn at the end of this week for the start of the mid-term election campaign, the chances of it passing a tax cut Bill that will not be vetoed by President Carter have become further complicated by the Senate's decision to add another $5bn in new tax cuts.

This additional tax relief, on top of the $24bn tax cuts approved earlier by the Senate Finance Committee, brings to nearly $30bn the total tax cuts for next year now voted by the Senate. This is nearly double what the House of Representatives voted in August, and $10bn more than President Carter asked for.

The gap is not as great as it seems because some of the Senate's tax cuts have been staggered to take effect in the last part of 1978, and therefore in a different fiscal year. But the gap will have to be closed in negotiations between the two Houses of Congress.

The Senate met again today on the tax Bill in an effort to finish its work by the end of the week. Sen. Russell Long, chairman of the Finance Committee, urged his colleagues not to "heap controversy on top of controversy."

The composition, let alone the size, of the tax cuts, is already the source of sharp disagreement between Congress and the Administration, which objects in particular to the tax relief given to capital gains.

Reuter adds: The Senate is also expected to pass two more parts of the energy programme dealing with energy conservation and utility rate reform and send them to the House. Another Bill providing tax incentives for home insulation and solar energy is also pending.

Bills on natural gas deregulation and coal conservation have already gone to the House, which wants to pass the entire package on one vote this Thursday.

Other Bills awaiting final action include bank regulation, increased federal price supports for sugar, and appropriations for the Defence Department

Bill to lift curbs on air fares

BY OUR OWN CORRESPONDENT WASHINGTON, Oct. 9.

CONGRESS is expected this week to give final approval to a Bill that will give U.S. airlines substantial leeway to cut fares, in limited cases to raise them, and to compete against each other, without the need for prior Government approval.

Under the Bill the Civil Aeronautics Board, the body that regulates U.S. airlines, would be abolished by 1985.

The measure has the support of President Carter and of the CAB itself, whose chairman, Mr. Alfred Kahn, has been moving fast in the last year to deregulate the airline industry along these lines.

The Bill in Congress, which was agreed to by representatives of the Senate and the House last Friday, will give the CAB and Mr. Kahn legal backing to resist any challenges in the courts to their measures.

It would also prevent any future CAB chairman from trying to reverse the trend towards deregulation.

The Bill allows airlines to lower their fares by as much as 50 per cent. Where there is considered to be adequate competition on given routes, they may may raise fares by 5 per cent.

Airlines will automatically be allowed to start service on one new route a year without having to get CAB approval, and by 1981 the CAB's authority over domestic rates, mergers and acquisitions will lapse.

Initially, many airlines strongly opposed the moves by the Administration, the CAB and Congress towards deregulation.

But most have now become reconciled to the inevitable, and several of the airlines are now concentrating on trying to protect themselves in the coming era of greater airline competition by merging with each other.

The CAB now has a series of merger proposals, on which it is expected to rule early next year. The biggest concerns the rival bids of Pan American and Texas International for National Airlines.

World's oil 'may last 90 years'

NEW YORK, Oct. 9.

THE WORLD has enough recoverable oil to last 60 to 90 years at present consumption rates, a U.S. Central Intelligence Agency (CIA) report says, according to Time magazine.

The CIA report, prepared by the Rand Corporation said more oil could be made available through conservation and special techniques to squeeze more oil out of existing reserves.

The new CIA report contrasts with one issued shortly after the 1973 oil embargo when the CIA predicted the depletion of worldwide oil reserves could begin by the end of the 1980s.

Time said the earlier CIA report was inaccurate because it made dubious predictions that the Soviet Union would soon become a major oil importer, which would have added to the depletion of the world's oil reserves.

The Soviet Union, however, now seems likely to add to the world's oil reserves.

Exploratory drilling has risen by 30 per cent since the 1973 embargo and in the past year or so, oil has been pumped from Alaska's North Slope and North Sea production has increased, it said.

The report said there are also indications of oil and natural gas deposits in the Baltimore Canyon off the U.S. east coast.

In addition, oil companies have been exploring what are thought to be large oil deposits along the coast of China.

Another helpful sign for stretching oil reserves is that the annual growth of world oil consumption has been held to about 1 per cent since 1973, compared with the 5 to 7 per cent increases in the days before the embargo, Time said.

Reuter.

THE BEAGLE CHANNEL DISPUTE

Brazil becomes a factor in a political equation

BY DIANA SMITH IN RIO DE JANEIRO

SOUTH AMERICA has given birth to a new political equation: when the temperature rises in Chile and Argentina over the Beagle Channel dispute, the trade barriers between Argentina and Brazil also rise.

Last month lorries or buses manufactured in Brazil, attempting to travel by road, via Argentina, for sale in Chile, were turned back at the Uruguay frontier in Brazil's far south.

The motive was that transit was barred to all products that might be used in an eventual war between Chile and Argentina. Only vehicles for sale were forbidden transit, other products were allowed to pass freely.

Brazilian diplomatic officials, who are becoming used to the problem—since this is the 10th time the frontier has been shut down in the last 12 months—requested an explanation from Argentina. By the end of the week, without signs of an explanation, buses and lorries were allowed to pass through again.

The sporadic frontier closings produce considerable problems for Brazilian manufacturers of heavy vehicles. In 1977, $12m of cars, lorries or buses were sold by Brazilian manufacturers to Chile (just under 10 per cent of total Brazilian exports to that country of $130m). Logically, the merchandise goes by road—a journey that takes five days, via the south of Brazil across the north of Argentina.

Road freight costs work out at about $1,500 a load—against $4,500 by sea (a means of transport that is not only more expensive but riskier because of the hazards of the journey to the South Pacific.

Last week, 17 Chile-bound buses made in Brazil, worth $500,000, were held up while the frontier was closed. The manufacturers Marcopolo, are afraid they may not be able to fulfil their contract at all.

The general opinion is that such incidents are turning the dream of a coherent Latin America free trade association (ALALC) into a pipe-dream. ALALC has a legal existence,

but in spirit it is far from being part of a progress towards a common market of Latin America.

Although Brazil is caught between crossed Argentinian and Chilean swords by geographical accident, there are more direct causes for friction with Argentina. For example, the future hydroelectric schemes of Itaipu (Brazil-Paraguay) and Corpus (Argentina-Paraguay) on the Parana river.

The Brazilian - Paraguayan scheme of Itaipu is well under way. It will be the largest such dam in the world with a total capacity of 12,600,000 KW. The ground clearing has been done and in the second half of October the river will be deflected from its present course before raising the dam.

Meanwhile, Brazilian and Argentinian diplomats are still quibbling about the height of Corpus dam — an object that, as Brazilian technicians curtly put it, is "nothing but a sketch on paper."

Originally, the Argentinians opted for a height of 115 to 120 metres for Corpus. This was not satisfactory to the Brazilians, since, at Itaipu peak hours, an excessively-high Corpus dam would create a dangerous backflow.

To the Brazilians, 100 metres would be the ideal height for Corpus. But as negotiations now stand with a resumption of angrily-suspended talks due on September 13, Argentina insists on 105 metres. As one of Brazil's most senior citizens said recently:

"All this fuss over five metres tries our patience." technically, Corpus dam would be an essential complement to Itaipu, regulating the flow of water downstream from the Brazilian-Paraguayan giant and preventing flooding at peak hours.

In the climate of politics in this large corner of Latin America, however, technical considerations take a back seat to national honour. There are no fiercer rivals in this field than Brazil and Argentina, with the difference that Brazil is harangued incessantly in the Buenos Aires Press, and Brazilian football teams need special protection when they visit their neighbours to the south while the Brazilian media and officials tend to treat the problem with sighs of resignation.

New VW factory hit by pay strike

By Our Own Correspondent

NEW YORK Oct. 9.

VOLKSWAGEN'S NEW $300m U.S. manufacturing plant was idle this morning and its management operating from a nearby Holiday Inn because of a pay strike by its newly organised production workers.

The stoppage is an unusual rebellion against the leadership of the United Auto Workers Union which formally organised the VW Pennsylvania plant less than three months ago. Since the end of July the UAW has been negotiating the first three-year contract for more than 2,000 workers at the plant. An agreement was announced with considerable publicity last Thursday in a statement carrying the names of UAW president Mr. Douglas Fraser and Mr. James McLernon, president and chief executive of Volkswagen of America.

However, the proposed contract which would reportedly raise hourly pay from $6.92 to $9.62 by 1981, apparently ran into strong criticism at a mass meeting yesterday which voted 1,235 to 94 against the proposals. Accounts of the meeting suggest that the rank and file believed that their proposed pay rates would prove to be lower than those paid by the big three U.S. car companies once their contracts are renegotiated next year.

Several hundred pickets were outside the plant at New Stanton this morning and a spokesman for the company said that management had been unable to enter the administrative offices. A temporary management headquarters has been set up at an hotel nearby but it was not clear what efforts are being made to settle the dispute.

The stoppage is unofficial and if it continues could bring the VW workers into an early conflict with their union. Wild-cat strikes are by no means unknown in the U.S. auto industry, but the UAW prides itself on maintaining discipline among its members and it can be expected to press hard for a return to work.

The VW plant opened in April and represents a formidable attempt by the German company to recapture the No. 1 foreign manufacturer spot in the U.S. market which has been ceded to the Japanese in the last four or five years. The company is currently producing about 300 units a day of its small car, the Rabbit, and output is scheduled to rise in stages to 800 a day next year.

VW spending in UK—Page 6

Blumenthal trip to Moscow given go-ahead

By Our Own Correspondent

WASHINGTON, Oct. 9.

THE U.S. ADMINISTRATION has given the go-ahead for Mr. Michael Blumenthal, Treasury Secretary, to attend a trade conference in Moscow in early December, thereby lifting the three-month-old ban on trips by senior U.S. officials to the Soviet Union.

Reacting to the trials this summer of Soviet dissidents and libel proceedings against Moscow-based American journalists, the Carter Administration in July cancelled at least three planned trips by U.S. officials, and put a freeze on any further visits to the Soviet Union by "policy-making" officials.

The latest relaxation in the recent tensions between the U.S. and the Soviet Union comes shortly before Mr. Cyrus Vance, the U.S. Secretary of State, is due to go to Moscow for further negotiations on limiting strategic nuclear arms. President Carter made it clear that the SALT talks were too important to be affected by the Administration's ban on trips to Moscow, and there is now considerable optimism here that Mr. Vance's trip will be the last high-level negotiating session before a SALT agreement is reached.

Nevertheless, last week's television remarks by Mr. Andrei Gromyko, the Soviet Foreign Minister, show that the Russians are a little less sanguine about the speedy conclusion of a SALT agreement.

Oil stockpile plans behind schedule

LAKE CHARLES, Oct. 9.

A U.S. Government programme to stockpile 1bn barels of crude oil by 1985 as a hedge against another Arab oil embargo is behind schedule, and is apparently headed for some changes.

A spectacular explosion and six-day fire at a showcase storage site las month may push the Department of Energy (DoE) to speed up plans to turn the $20bn programme over entirely to private industry, said Sen. J. Bennett Johnston.

"It appears to me that some changes are definitely warranted," he said. And a "turn-key" approach, with private industry responsible for the whole job might be best."

Mr. Johnston chaired a special hearing of a Senate sub-committee that is collecting information about the September 21 blowout, which killed one worker and seriously injured another at the West Hackberry crude oil storage site.

AP-DJ

OVERSEAS NEWS

Sarkis interrupts Syrian talks to make Saudi trip

BY IHSAN HIJAZI BEIRUT, Oct. 9.

AS THE CEASEFIRE between Syrian troops and Christian militias here entered its second day without serious violations, Mr. Elias Sarkis, the Lebanese President, today flew suddenly to Saudi Arabia as part of a tour of several Arab states to obtain support.

The President interrupted his talks in Damascus with President Hafez Assad, but is due to return to the Syrian capital at the end of the tour for further consultations with Syrian officials, it was announced.

It was also announced that President Sarkis will call for an urgent meeting in Beirut by Foreign Ministers of Arab countries contributing troops and funds to the Arab peacekeeping force in Lebanon.

These countries are Syria, Saudi Arabia and the Sudan, the United Arab Emirates and Kuwait. The bulk of the forces is formed by 30,000 Syrian soldiers. It also includes several hundred Sudanese, UAE and Saudi troops. The force's budget of $90m every six months is provided largely by Saudi Arabia, Kuwait and the UAE.

Informed sources said the proposed Foreign Ministers meeting will consider not only an extension of the force's mandate, which expires on October 28, but also whether it should be given a new status and role.

President Jaafar Nimery of the Sudan has already said he intends to withdraw his troops when the mandate expires. But a bigger role by non-Syrian troops may be considered in order to lessen friction between the Christians and the Syrians.

President Sarkis was known to have proposed the pull-out of Syrian forces from Christian areas in East Beirut and their replacement by Lebanese army units. The proposal ran into opposition from Syria and Lebanese Moslems and leftists, who today staged a strike here to indicate their oppostion to the army which they regard as favouring the Christian militias.

Assad to attend Baghdad summit

BY OUR FOREIGN STAFF

SYRIA and its allies in the "steadfastness front" — Algeria, Libya, South Yemen, and the Palestine Liberation Organisation — have agreed to attend the Iraqi-convened summit in Baghdad on November 1. Seventeen countries have now decided to attend the meeting to discuss ways of countering the Camp David accords. A Syrian spokesman said in Damascus yesterday that "Syria will contribute every possible effort to ensure the success of this summit."

The most important development is the decision of President Hafeez Assad, of Syria, to attend. Relations betweeen Baghdad and Damascus have been bitterly hostile over the past decade and this will be President Assad's first visit to Iraq.

In addition to a general Arab summit, to which Egypt is not invited, Iraq has also proposed a $9bn fund to combat the Camp David agreements, and the stationing of Iraqi troops in the Golan Heights. Syria originally greeted the offer with suspicion, arguing that Iraq could best assist by joining the steadfastness and confrontation front which met in Damascus at the end of September.

The Iraqi leadership had previously refused to join on the grounds that the front's opposition to Israel was not radical enough. An Iraqi delegation walked out of the front's Tripoli meeting at the end of last year.

The chances of a Syrian-Iraqi rapprochement had previously been discounted by diplomats in Damascus, though any agreement between the two countries would represent a major boost to the States rejecting Camp David. But with Saudi Arabia and Jordan attending the Baghdad summit, it is unlikely that any resolutions vigorously rejecting the Egyptian-Israeli accords will emerge from the meeting.

Reuter adds from Doha: Qatar has accepted Iraq's invitation to the November 1 summit in Baghdad "because Qatar supports every Arab effort to bring Arab heads of state together with the aim of restoring the unity of Arab ranks."

Israel, Egypt prepare for talks

BY DAVID LENNON TEL AVIV, Oct. 9.

MR. EZER WEIZMAN, Israel's Defence Minister, left today for the Washington negotiations with Egypt which, he said, would concentrate on establishing good neighbourly relations.

He expressed the belief that the negotiations which start on Thursday will be completed before the end of the year. But he was not certain that they could be completed in two or three weeks, as suggested by some Egyptian and Israeli officials.

The negotiations will concentrate on the peace treaty between Israel and Egypt, Mr. Weizman said. He did not expect the West Bank and Gaza Strip to be central to the talks.

Meanwhile Israel is drawing up plans for new villages in the northern Negev to rehouse settlers evacuated from Sinai under the peace agreement. It is proposed to create some 20 new villages near Beersheva. Earlier plans for the five towns in the Negev are also being reconsidered.

Our Cairo correspondent reports: Egypt's delegation to the Washington talks received their final instructions from President Anwar Sadat today at the President's resthouse near the pyramids.

Although no details were announced, a large map of the Sinai desert could be seen on the table inside the resthouse as the delegates emerged. General Kamal Hassan Ali, the new Defence Minister, who heads the delegation, has said he expects the talks to be completed in two or three weeks.

Dr. Boutros Ghali, acting Foreign Minister, has made clear that Egypt is determined to have a treaty ready for signature as soon as possible. He has said that if necessary Egypt will postpone discussion of such potentially thorny issues as its demand for $2bn compensation for oil and other resources which Israel has taken from Sinai during its eleven-year occupation.

Dr. Ghali has already indicated that Egypt plans to link implementation of a peace treaty to progress on the Palestinian question. Egypt's position remains that a Palestinian entity must eventually be formed on the West Bank and in the Gaza Strip if the inhabitants so wish.

Slower growth for Japan

TOKYO, Oct. 9.

JAPAN'S real economic growth in the financial year ending next March, will be 4.8 per cent, according to the economic research institute of Yamaichi Securities. That compares with 5.5 per cent in the last financial year and with the Government's target of 7 per cent.

Yamaichi predicts that domestic demand will rise by 6.6 per cent while exports will fall 5.4 per cent due to the steep appreciation of the yen against the dollar.

Japanese bankruptcies fell to 1,183 in September from 1,256 in August and from 1,540 in September last year, the Tokyo Commerce and Industry Research Company reports.

Reuter

Namibia dates problem

BY QUENTIN PEEL JOHANNESBURG, Oct. 9.

FURTHER DIPLOMATIC contacts were taking place in the South African capital of Pretoria today to arrange the proposed visit of five Western Foreign Ministers, although there was still no confirmation of a definite date.

The major problem delaying a final agreement on the trip—aimed to break the deadlock between South Africa and the UN over elections in Namibia (South West Africa) — was simply the difficulty in finding dates convenient to all five, including Mr. Cyrus Vance, the U.S. Secretary of State, and the Foreign Ministers of Britain, Canada, France and West Germany, according to diplomats here.

The key subject for negotiation is the timing and form of the proposed elections for a constituent assembly in Namibia, since the South African Government decided to press ahead with a poll without UN supervision in December. According to the Western plan accepted by South Africa, a UN presence would be necessary to ensure that the elections were free and fair.

South African spokesmen over the weekend repeated their firm intention to press ahead with the December elections, suggesting that there is actually very little room for negotiation. Mr. Pik Botha, the Foreign Minister, said in a radio interview that "everything remains open" for further negotiation once the election had taken place.

He added, however, that the only thing that could "cut off" elections would be "for the UN to take precipitate action to prevent such an election taking place."

EEC loan for Sudan railway

BRUSSELS, Oct. 9.

THE EEC is granting Sudan a loan of 9m European units of account ($11.9m) for modernisation of the Babanousa-Rahad railway.

The loan, for 20 years at 1 per cent, is towards total spending of nearly $20m on replacing about 230 miles of line and on signalling equipment. Sudan is planning to spend $165m on modernising its rail network.

AP-DJ

James Buxton writes: Sudan's 3,000-mile railway system is working below 60 per cent of its capacity. Six out of 10 wagons and seven out of ten locomotives are likely to be out of action at any one time.

Nuclear waste probe call

BY LAURIE OAKES CANBERRA, Oct. 9.

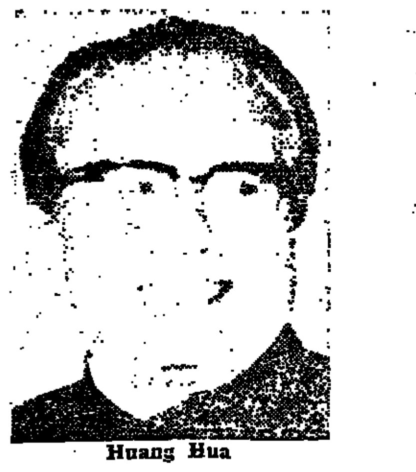
MR. WILLIAM HAYDEN, the Australian Opposition leader, today called for a full public inquiry into the disposal of radioactive waste from British nuclear weapons tests at Maralinga in South Australia in the 1950s.

The Opposition leader said the public demanded to know whether the plutonium buried at Maralinga posed a terrorist threat, whether it was secured to standards in line with Australia's international safeguard obligations, and whether any of the radioactive waste buried at Maralinga had come from outside Australia.

The issue, which the Labour opposition intends to pursue strongly in Parliament this week, is becoming a major political embarrassment for the Government.

Mr. James Killen, the Defence Minister, has tried to defuse the debate by attacking the journalist who disclosed the existence of a half kilogram of a "discrete mass" of recoverable plutonium burried at Maralinga, along with another 19½ kg of plutonium in unrecoverable form.

The Government's embarrassment is acute because last Thursday the head of the safety committee for the Maralinga tests, Sir Ernest Titterton, vehemently denied the existence of any "discrete mass" of plutonium among the waste buried at Maralinga. Within hours of the denial Mr. Killen confirmed the existence of such a mass.



Huang Hua

Four day UK visit by Huang

By Colina MacDougall

THE CHINESE Foreign Minister, Huang Hua, arrives in London today from Rome for a four-day visit, as part of a brief European tour which also includes France. He is on his way back to Peking from the United Nations in New York.

He will be the first Chinese Foreign Minister to visit London since 1973, and only the second since 1949. It is an important milestone in both Sino-British and Sino-European relations, and his trip is expected to set the seal on a year of rapidly-growing contacts.

Huang is a lively 65-year-old who speaks excellent English and is reputed to be a skilled negotiator. He succeeded to his present job after the fall of the Gang of Four in 1976, when his predecessor disappeared, presumably for political reasons. He took part in the first Chinese mission to the UN in 1971, and was previously ambassador to Canada and the United Arab Republic. His wife, who is a Foreign Ministry official, is accompanying him on the trip.

Britain's relationship with China has blossomed over the last 12 months, with visits from half a dozen top Chinese officials, including the Minister of Foreign Trade, and three British Ministers making trips to Peking (the Secretaries for Health and Social Services, and Education).

Huang is returning the visit made by the late Mr. Anthony Crosland to Peking as Foreign Minister in 1976. Numerous other delegations of specialists and scholars have also travelled back and forth, and a large contingent of Chinese students is expected here next year.

While trade is not Huang's specific brief, it will obviously rate a mention during his visit, in view of the extensive acquisition of technology that Peking is currently planning from Europe. British companies have sold about £100m worth of coal-mining equipment, but West Germany has signed a preliminary agreement for over £2bn worth of similar equipment. It is expected that the Chinese will place the rest of their major contracts around the end of the year, and in Britain there are hopes for the steel industry, rail technology, petrochemicals and, perhaps, more mining know-how.

Military supplies may also be discussed. About a year ago the Chinese expressed great interest in the Hawker Harrier jump jet. A British Aerospace team has visited China, and at least two Chinese missions to Britain have seen the aircraft perform this year. The U.S. has withdrawn its objections to the sale, and the ball is now in the Chinese court. But Peking has been searching Europe for military equipment, as well as heavy industrial machinery, so Britain is not the only potential supplier of military aircraft or other weaponry.

In the long term, Peking sees its relationship with West Europe as part of its strategy of restraining growing Soviet power. In addition, Europe will benefit from China's ambitious modernisation plans because Peking wishes to avoid exclusive reliance on the other potential sources of technology, the U.S. and Japan.

China's new interest in Europe coincides with a growing sense of concern in the North Atlantic Treaty Organisation countries about Moscow's military strength. And the sluggishness of the West European economies makes China look like an attractive new market for heavy industrial equipment.

Floods cover 5% of Thai farmland

BY RICHARD NATIONS BANGKOK, Oct. 9.

THE SAME tropical storms that flooded Indochina have inundated about 1m acres, or about 5 per cent, of the total farming area of Thailand. Despite a national emergency mobilising military airlifts to supply stranded villages, particularly in the north-east, the official death toll now stands at 36—considered an unrealistic underestimate. In the same region alone, over 270,000 people have been reported displaced by the rapid flood waters.

Although flooding is unusually extensive, crop damage is difficult to estimate. At the current state of planting in most areas, the rice can survive if the waters recede in less than two weeks, but at a rate slow enough not to uproot the shoots. In areas of the central plains—Thailand's rice bowl—the harvest may actually benefit, since the floating and deepwater rice varieties have already flowered and quite literally "keep their heads above water" as the floods rise. The fertile silt brought across the fields by the flood waters may nourish the crops all the more. If, however, the floodwaters remain stagnant in the fields for more than a fortnight the crop is nearly irredeemable.

International rice experts from the Food and Agricultural Organisation of the United Nations also point out that rice in the non-flood affected areas often benefit from the rainfall. So although a portion of the flood affected rice crop doubtless has been destroyed the overall harvest this year in Thailand may in fact be larger than expected. Thailand is a rice surplus nation which normally exports between 1.5-2m tons of rice a year.

Reuter adds from Bangkok: Heavy rain lashed northern Vietnam yesterday as the country fought to recover from disastrous floods which have already caused unprecedented rice crop losses.

The Vietnam News Agency said people in the northern provinces were doing all they could to overcome the effects of typhoon Lola, which came hard on the heels of two other cyclones and heavy rainfall that flooded most northern ricelands.

K. K. Sharma in New Delhi adds: A fortnight after heavy rain caused havoc, the flood situation in West Bengal shows no sign of improvement. The water level is still rising in at least three districts.

The main shortages continue to be boats to reach the over 3m people marooned and of polythene sheets for more than 2m who have lost their homes so that they have temporary shelter from the continuing rain.

The death toll has officially crossed the 400 mark but the final figure is bound to be much higher.

هكذا من الأصل

WORLD TRADE NEWS

Arab states may step up capital investment in Italy

BY PAUL BETTS

DUBAI, Oct. 9.

IN THE wake of the recently disclosed deal which will see Saudi Arabian financial interests buy a 10 per cent stake in the Milan chemical conglomerate, Montedison, Italy is now exploring similar ventures under which Arab countries would take minority participations in Italian companies in urgent need of fresh capital.

This is one of the main themes of the current scouting tour of the Gulf States by Sig. Rinaldo Ossola, the Italian Foreign Trade Minister, who said that Italy now appeared to be enjoying the confidence of Middle East oil producing countries.

The Gulf States seemed favourably impressed not only by the Montedison operation and the earlier £250m deal between Fiat and Libya, but also by the sharp improvement in Italy's balance of payments position and the country's relative political stability.

Sig. Ossola claimed that during talks here he was given the distinct impression that Gulf rulers had at last come round to accepting the inevitable presence of the Communist party in the Italian political system.

Sig. Ossola's visit is now to be followed by a mission of Italian industrialists and bankers to the Gulf and the opening shortly of an Italian embassy at Abu Dhabi.

The emphasis Italian officials are putting on bilateral ventures to attract Arab capital to Italy represents a departure from the earlier approach of promoting so-called triangular operations whereby the richer Arab countries would help poorer ones by paying for technologies bought from Italy.

With the exception of a few isolated cases, the triangular concept has never effectively taken off.

At the same time, Italy, whose annual oil imports represent the biggest single distortion on the country's terms of trade, is seeking to increase its penetration of the Gulf markets by securing contracts for the design and planning of major longer term engineering and public works projects.

In Abu Dhabi, Sig. Ossola discussed the collaboration of Italian groups in the planning of the air traffic control system of the new international airport, while the state oil design and engineering concern, SNAM Progetti, is to design the refinery for Abu Dhabi's envisaged $500m petrochemical and gas liquefaction complex at Ruwais.

In Sharjah, the Italian GEI consortium is to build a $115m thermoelectric plant with a capacity of 75 MW.

To promote export performance generally, Italy has now raised the ceiling of medium-term export credits to L3,500bn this year, and the Government has approved an annual upper limit of L5,000bn on a roll-over basis for short-term export credits. This has also followed a general rationalisation and speeding-up of state guarantees for such operations.

Iran cuts threaten arms deals with West

By Our Foreign Staff

CUTBACKS in Iran endanger a number of major western contracts as the series of strikes sweeping the country puts a further strain on the budget. Prestige projects such as the highly ambitious nuclear power programme, which has come in for persistent criticism since it was launched by the Shah in 1974, are likely to be the first to suffer.

Reports from Tehran also indicate moves to reduce the heavy expenditure on highly advanced military equipment. Possible targets are the $1.2bn advanced warning radar system (AWACS) from the U.S. and the purchase of six West German submarines. Defence spending is currently running at over 10 per cent of the GNP. But cutbacks in the military budget may not be very radical.

The Government's need to ensure the absolute loyalty of the armed forces may ensure that the Iranian order for 2,200 Chieftain tanks from the UK, 800 of which are in service, will not be affected by economies. There are also plans for the Iranian army to purchase 1,000 tank transporters, with British Leyland chassis and Rolls-Royce engines.

West Germany and France, however, stand to lose important contracts if the cuts go ahead. West Germany has already gained big orders in the nuclear and military field and is hoping for more. Kraftwerk Union, the wholly-owned Siemens subsidiary, has two nuclear power plants under construction to be completed in 1980 and 1981 at an estimated cost of $7-10bn.

A letter of intent was signed last year for four more, and the Bonn Government made it clear in December that it was ready to put up the necessary export guarantees to cover their delivery. The total value is estimated at DM 19bn including subcontracting work.

On the military side the main deal this year has been for six submarines, worth more than DM 1bn, from a West German shipyard. Orders for 12 frigates are understood to be going on to both Dutch and West German yards. The submarine contract may now be in doubt, though the Hamburg shipyard, Howaldtswerke, yesterday denied newspaper reports that Iran was withdrawing budget funds for the contract.

Kraftwerk Union also denied similar reports about their involvement.

France will also be hit by a cutback in the nuclear power programme. A consortium of French companies is already building two 900 MW reactors in south west Iran, scheduled to start operating in 1983 and 1984. The value of this deal is estimated to be FFr 15bn (£1.7bn).

No apparent progress has been made recently in a second big reactor contract, which would increase the number of French-made reactors in Iran from two to six, has been under discussion for well over a year, and is of key importance in France's nuclear export plans.

The four reactors are 1,200 MW units, which would be built by a consortium led by Framatome, sole supplier of nuclear reactors to the French Government. Framatome is a subsidiary of the Creusot-Loire steel and engineering group, itself controlled by Empain-Schneider.

Litton signs $1.5bn Saudi contract

By John Wicks

ZURICH, Oct. 9.

AFTER four to five years of negotiations, Litton Industries reports a "handshake agreement" with Saudi Arabia on the delivery of an aerial defence system. A contract worth over $1.5bn covers an electronic computer-controlled command and control system, type AN-TSQ 73, also known as a "missile minder."

The system was originally developed for the U.S. Army, and the Saudi installation will be similar to those already existing in Iran and Jordan, though with certain modifications.

Former competitors for the order in the United States are said to have dropped out of the running some time ago. A letter of intent is anticipated in about a month's time, and it is understood that a down-payment will initially be made by Saudi Arabia.

A spokesman of the Zurich-based Litton International SA said there would be a large number of sub-contracts awarded by Litton as prime contractor, possibly some of them in Europe.

Litton shares had risen sharply in the United States at the end of last week, apparently owing to premature information on the contract. This would have led Litton to announce the order before a letter of intent is signed.

W. Germany may act over Soviet shipping

BY ADRIAN DICKS

BONN, Oct. 9.

WEST GERMANY may press ahead with unilateral rules requiring the registration of ships engaged in cross trading to or from its ports if no further progress can be made towards a joint scheme at the November meeting of European Community Transport Ministers.

This is the view in senior official circles here, following a further inconclusive round of talks with the Soviet Government in Leningrad last week. Attempts by the West Germans to persuade the USSR either to accept a ceiling to cross trading by its vessels, or to practise voluntary self-restraint, in both cases met with firm refusal.

According to West German sources, the Russians indignantly defended their right to participate in cross trading, and threatened to retaliate with a licensing system against the shipping of any nation joining in the type of registration scheme that has been under discussion among the Nine.

The German delegation then explained, however, that the information which the German Government's own draft registration system would require would be non-discriminatory. It is intended that it should be applied on a trade, rather than a flag basis.

Bonn would clearly prefer to see this type of requirement applied by the Community as a whole, and is now understood to have French support for its draft regulations' careful avoidance of singling out the Soviet Union.

Although the Leningrad talks made little progress towards resolving the acute problem of Soviet price cutting, the Germans are somewhat mollified by the fact that Soviet chartering of West German vessels is running at a high rate this year.

VW to spend £17m on British car components

BY KENNETH GOODING

VOLKSWAGEN-AUDI, the West German group, estimates it will spend £17m on automotive components from Britain this year, thus establishing itself as one of the UK's biggest customers for these products.

The £17m compares with £15m last year and only £4.8m in 1975. In addition, Volkswagen (GB), the importer, which is a Lonrho subsidiary, will spend a further £5m on components and accessories in the UK.

Volkswagen-Audi has a full-time purchasing consultant in the person of Mr. Alick Dick, former managing director of Standard Triumph.

Among the major suppliers are GKN for castings, Lucas for electrical components, Perkins for diesel engines, Uniroyal for camshaft drive belts, Avon Rubber for hoses, and more recently CAV, the Lucas offshoot, which is to supply fuel pumps for the VW Golf diesel.

VW has also become the biggest single customer of Ellison Circlips of Bingley, Yorks. In 1977 International Alloys of Aylesbury, Mountstar Metal Corporation and International Nickel between them supplied VW with over £3m of metals from the UK.

Algeria to get $1bn credit from Canada

By Our Foreign Staff

THE FEDERAL Export Development Corporation of Canada is providing Algeria with a U.S.$1bn line of credit to finance imports of goods and services from Canada. This line includes a U.S.$250m tranche and a C$950m tranche. The period during which the funds will be available will be three years.

Algerian companies have been seeking bids from Canadian companies, especially Canadian Bechtel, the fall in the Canadian dollar making Canadian goods and services more competitive.

OPEC threat on crude sales

VIENNA, Oct. 9.

OPEC president Sheikh Ali Khalifa Al-Sabah today warned that oil exporters might limit supplies of crude unless industrialised nations helped them enter refining and transport markets. Sheikh al-Sabah, Kuwait's Oil Minister, told a seminar organised by OPEC that member states were determined to break into refining, transport and petrochemicals.

But industrialised nations were preventing OPEC states from entering these fields through quota restrictions on petrochemical products, and the high cost of technology. Reuter

EEC TRADE

A better deal for Yugoslavia

BY MARGARET VAN HATTEM IN BRUSSELS

YUGOSLAVIA NEEDS a better deal from the EEC than it has been getting if it is to reverse the past decade's slide towards greater dependence on trade with Comecon. This was the message from Belgrade to Brussels earlier this year and the EEC Commission has responded with substantial revisions to its proposals for a successor to the five-year trade agreement that expired last August.

The Commission now envisages something more generous than it had planned, namely an agreement which would not have gone much further than the expiring arrangement. In some respects, the agreement now planned for Yugoslavia goes even further than those between the nine and other non-member Mediterranean countries. But several hurdles must be cleared before it can be signed.

Firstly, EEC Foreign Ministers will have to approve the Commission's proposals, enabling it to go ahead with detailed negotiation. Secondly, the Yugoslavs will have to be persuaded that what is likely, in effect, to be fairly preferential treatment, will not compromise their non-aligned status.

The EEC, uncertain about Yugoslavia's political future after President Tito leaves office and concerned over its economic problems arising from double-figure inflation and high unemployment, is anxious to conclude a five-year agreement that will "underwrite the country's political and economic stability."

The main impetus for its more liberal stance is Yugoslavia's failure to maintain a balance in its trading relations with East and West. In 1970, almost 40 per cent of its exports went to the EEC and around 32 per cent went to Comecon. By 1975, the EEC share had dropped below 23 per cent while the Comecon share had risen above 47 per cent.

Although the trend has reversed since then, the EEC share is still below 30 per cent and the Comecon share still above 40 per cent. Since Comecon trade involves non-convertible currencies, and since Yugoslavia's deficit with the EEC has been climbing steeply in the past few years, there are fears in Brussels that if it does not act soon, Yugoslavia will be forced to import more from Comecon and less from the West.

In the past, Belgrade has refused anything that hinted at preferential treatment, and which might effectively draw it under the umbrella of the Community's "global Mediterranean approach" policy of 1972. To do otherwise would provoke strong political opposition internally as well as externally. But the Commission's latest proposals, which it is confident will be acceptable to Belgrade, are clearly preferential in intent, if not in wording.

The negotiating mandate which the Commission hopes to have ready for approval by EEC Foreign Ministers on October 17 would virtually double the proportion of Yugoslav products with free entry to the Community, allowing for a one-way free trade on all but the more sensitive industrial products such as footwear, textiles, petroleum products and semi-finished non-ferrous metals. Quotas and tariff-free ceilings on many of these would also be liberalised. The agreement would provide for greater financial co-operation, setting up the machinery necessary for closer interbank contact and making a token contribution — possibly 270m Units of Account over five years — for infrastructure and other "projects of mutual interest."

In the agricultural sector the proposed concessions are more modest: tariff provisions for baby beef would remain unchanged, though there would be guaranteed access for 300 000 tonnes a year, and no question of a repeat of the 1974 ban which cost Yugoslavia an estimated $150m a year. Only small concessions would be introduced on wine, horsemeat and canned cherries. Finally the agreement would improve social benefits for Yugoslav migrant workers, but would not liberalise their entry into the EEC as the Yugoslavs had hoped, nor give them freedom of movement between member states.

The Community will continue to enjoy most-favoured-nation status, as mutually extended under the previous agreement, but says it does not expect additional concessions in the new trade agreement.

EEC foreign ministers may not go along with all this quite as blithely as the Commission seems to expect. West Germany, the only Community member with a sizeable Yugoslav worker population, may not wish to be quite so liberal in matters of social benefits, for example, as other members who do not have to foot the bill. There may be some disagreement over concessions on Yugoslavia's industrial exports — petroleum products, for example, where the UK and Italy might, in view of their own excess refining capacity, be expected to demur over a suggested 450 000 tonne annual quota with a 5 per cent annual increase.

Beef producers such as France and Germany may, as in the past, hesitate to guarantee access to the Italian market for an annual 300,000 tonnes of Yugoslav baby beef. And the wording of the section on financial co-operation — grants, soft loans and overall commitment in money terms — is all likely to take time.

But all the major points seem to have been accepted in principle and the discussion at Ministerial level, however, time-consuming, will probably confine itself to points of detail. An agreement roughly along the lines proposed by the Commission is generally expected to go ahead, probably early next year.

Anthony Robinson, East European Correspondent writes: Yugoslavia's difficulties in penetrating the EEC market are illustrated by the latest figures just issued by the Yugoslav Foreign Trade Ministry. These show that exports to the EEC declined by 9.8 per cent to $837m over the first-half of this year while imports also fell by 3.2 per cent to [illegible]. This means that Yugoslav exports now cover under 35 per cent of the EEC import bill.

Under these circumstances Yugoslavia has been trying to diversify its trade both with the developing world and Comecon. In 1976 Yugoslavia signed long-term agreements with Comecon countries which provide for two-way trade worth a total of [illegible] over a five-year period with Yugoslav-Soviet trade accounting for half of this.

Trade with other Comecon countries is also expected to rise substantially, led by Czechoslovakia, with whom trade is planned to [illegible], and Poland with [illegible].

Although Yugoslavia has been pressing for more favourable terms of entry to the EEC market it also recognises that part of the problem lies in the failure of many Yugoslav enterprises to give sufficient priority to exports. The recent changes in the Foreign Exchange and Foreign Trade laws may help, but the latest trade figures indicate that they have yet to show tangible results. Exports were up by only 4.4 per cent to $3,519m over the first eight months while imports [illegible] 12 per cent to [illegible], to give a deficit of [illegible].

HOME NEWS

● TORY CONFERENCE OPENS TODAY

Law and order motions prove most popular

BY ELINOR GOODMAN

THE 5,000 Conservatives arriving in Brighton today have already been given a rather unconventional welcome. Sir Charles Johnston, who as chairman of the party's National Union Executive Committee is responsible for organising the annual conference, went on record two weeks ago as saying that nothing the "representatives" said or did in Brighton would have any direct effect on the party's manifesto.

That Sir Charles could get away with such a statement without immediate public reproach shows how much less reverentially than in the Labour Party the annual conference is regarded in the Tory Party. For a Labour organiser such an admission would have been tantamount to blasphemy and punishable by excommunication.

The Labour conference is imbued with almost religious significance. Delegates in Blackpool may have felt frustrated by the way their wishes are ignored when Labour is in power but ultimately conference is the Party's sovereign policy-making body. It is enshrined in the constitution for all to quote when the Cabinet looks like forgetting it.

Democracy

The vote against the 5 per cent wage limit may not have persuaded the Prime Minister to abandon his policy, but it has at least forced the Government to think about it very seriously.

The Tories make no such claim about their annual conference. As one of the party's retired senior politicians once said, the Conservatives have always tended to regard democracy as "fine for the country, but a bit lower-class for the party."

Rather than posing as a democratic policytaking body it is a reminder of what grass-root activists, who are so important to the party's organisational strength, would like to see as Tory policy, and how far they are prepared to see the leadership deviate from that line.

For a start, the seven representatives elected to go to conference by each constituency are not mandated to vote in a particular way. Their votes merely reflect the personal preference of those present, and are not binding on the party

Certainly the representatives ariving in Brighton believe their conference is just as important as Labour's. The Conservative conference is organised not by Central Office, but by the unpaid activists and is theoretically their platform rather than the MPs.

The opportunity for them to meet those people for whose success they are working is regarded as one of the conference's most important functions. Though the organisers are keen to play down the conference's image as a social event (hats are rarely seen these days), the evenings are left free for a ceaseless round of parties. Fringe meetings, which at Labour conferences continue well into the cocktail hour, are restricted to lunchtime.

But if the conference is essentially the voluntary workers' rally, as loyal Conservatives they also want to ensure it provides a shop window for the party's policies and its leaders.

Ideally, the proceedings should reach a crescendo for the Leader's speech on the last day which this year, adding sentiment to what is usually a very stirring occasion for Tories, is Mrs. Thatcher's birthday.

The subjects of debates are chosen largely on the basis of which issues attracted the highest number of motions from constituency associations. This year, law and order was by far and away the most popular. The motions to be debated are selected by a committee dominated by the voluntary side of the party, but including representatives of Central Office and the Parliamentary Party.

Sir Charles: Conference has no direct influence.

The idea, according to Sir Charles, is to pick those which will stimulate the best debate. Exactly what is a good debate in Tory terms is harder to define. The platform is not generally regarded as the right place to thrash out new policies or agonise over points of principle, as the Liberals did in Southport three weeks ago.

Nor are the motions usually framed in such a way as to excite strong opposition. It is almost inconceivable that the organisers would have tolerated a motion specifically condemning the executive's policies such as Labour leaders faced in Blackpool with the vote against 5 per cent.

Apart from the resolution on education, which talks about comprehensive education being a central tenet of Tory policy, committed Conservatives would be hard pushed to vote against most of them.

Stage managing

Since MPs, other than those replying to motions, are not generally called to the rostrum, any divisions within the Shadow Cabinet will probably not be aired even if the rank and file shows itself to consist of many different shades of blue.

The Tories are accused—often rather enviously by other parties—of stage-managing their debates, and so turning their conferences into a mixture of a well drilled school speech day and an evangelical rally. But Sir Charles insists that this is not so. The speakers are, he says, chosen to reflect both the balance of opinion within the party and the right geographical balance.

All the chairman knows when he asks someone to speak is whether the person is for or against the motion.

The defeat of the Government's pay policy at Blackpool has given the Tories a chance which they are bound to exploit in Brighton.

But some senior Tories were pointing out that the bigger the opportunity, the bigger the potential pitfall. For them the worry was that their party spent too much time celebrating the rift between the Prime Minister and the unions, and not enoguh explaining what it would do if elected.

House prices move ahead

By Michael Cassell, Building Correspondent

HOUSE prices moved ahead rapidly during the third quarter of this year, according to the Nationwide Building Society.

Figures released yesterday by the Nationwide, Britain's third largest society, showed that average prices rose by 9 per cent during the July - September period, following a 4 per cent increase in the second quarter and a rise of 5 per cent in the first three months of 1978.

During the 12-month period until the end of September average house prices rose 21 per cent, with little difference between new and secondhand properties, according to Nationwide.

The Government believes it has helped contain price increases by maintaining the limits on building society lending which have been in operation for much of this year. Last week, it was decided that these controls would remain in force for the time being.

Commenting on the Nationwide findings, Mr. Norman Griggs, secretary-general of the Building Societies Association, said: "The situation is worrying."

Mr. Leonard Williams, chief general manager of Nationwide, said that the faster rate of increase in prices was not surprising in view of the rapid increase in earnings over the same period.

"During most of the past 20 years house prices have averaged about 3½ times average annual earnings. Only for a short while in 1971-73 was this long-term relationship disrupted as house prices went ahead of incomes, rising briefly to a level of over four times average annual earnings."

Mr. Williams said the normal relationship had been re-established in 1974-76 when incomes rose faster than house prices and this had been maintained in 1978.

He pointed out that although prices had risen substantially this year in some parts of the country, the faster rate of increase over the last nine months differed from the price boom of 1971-73 in that average house prices had moved in line with earnings and not ahead of them.

Referring to the agreement with the Government to limit mortgage advances, Mr. Williams said it had resulted in frustration for some borrowers although societies were still lending at very high levels. The limitation, however, may have had some beneficial effect on price rises because people's expectations had been tempered.

He emphasised that the prospect of a slower rate of increase in earnings in 1979 now pointed towards a slower rate of house price increase, and he hoped it would soon be possible to increase mortgage leading without risk of prices accelerating.

North Sea field in production

BY SUE CAMERON

OIL PRODUCTION has begun in the North Sea Heather Field 90 miles east of the Shetlands.

The operator on the Heather Field is Unionoil of Great Britain, a subsidiary of the U.S.-based Union Oil. Heather, which was discovered by Unionoil at the end of 1973, is located in 468 ft of water on British North Sea Block 2/5.

The field is comparatively small, with total estimated recovery reserves of 150m barrels. It is expected to reach its production peak of 50,000 barrels per day in 1980.

The first oil from Heather is being pumped into the Ninian pipeline system, and should reach the Sullom Voe terminal in the Shetlands in the middle of next month.

Unionoil is operating the Heather Field on behalf of itself, Skelly Oil (a subsidairy of Getty Oil), Tenneco UK, and the Norwegian company DNO. Unionoil, Skelly and Tenneco each have a 31.25 per cent interest in the field, and DNO has 6.25. The British National Oil Corporation joined the group in 1977 through a participation agreement.

Lean times for record industry

BY COLLEEN TOOMEY

UNAUTHORISED copying of products such as books, records and tapes has badly hit the British record industry. In the three years to October 1977 record companies failed to increase profits and saw sales volume decline by about 20 per cent—despite a nominal increase of £112.5m in sales.

The record industry is by no means the only sector of the music trade to have suffered difficulties in the three-year period. According to an ICC Business Ratio report, almost all sectors came under pressure.

The report analyses and compares 99 leading companies from eight sectors including record/tapes producers, musical instrument manufacturers, music publishers and wholesalers and retailers.

In profitability and profit margin comparisons, the musical instrument manufacturers were about the worst hit, while music publishers were the only sector to boost profit margins—from 30.9 per cent in 1974/75 to 34.7 per cent in 1976/77.

An overall picture of the music trade shows that in the three years to October 1977, turnover for the companies in the report rose by 41 per cent to £296m. Of those, 26 companies increased their sales by more than 20 per cent while 25 recorded growth of more than 10 per cent.

Profits rose by an average of only 20 per cent overall for the same period. Last year proved especially difficult with one out of every five companies making a loss fairly evenly spread among all the sub-sectors.

Report available from ICC Business Ratios, 81, City Road, London, EC1, £55.

U.S. talks agreed on accounting standards

Financial Times Reporter

MR. TOM WATTS, chairman of the UK Accounting Standards Committee, and Mr. Douglas Morpth, deputy chairman, are to visit the U.S. next month for a meeting with the directors and senior executives of the Financial Accounting Standards Board.

They are to have a one-day discussion on establishing accounting standards—what Mr. Watts calls the "conflict between mathematical certainty and economic reality"—but will probably also consider one or two specific areas of difficulty, such as inflation accounting and the translation of foreign currencies.

Mr. Watts, who chaired the consultative committee which recently reported on the ways of establishing accounting standards in the UK, describes the coming meeting as "only a beginning." He says that there has not been much contact between the two bodies hitherto, and that he was surprised at the warmth of the American reaction to his tentative proposals for a meeting. "It is in our interests to discuss our mutual problems," he says.

Price probe into Thermos products

By Our Consumer Affairs Correspondent

THE PRICE Commission is to investigate prices of vacuum flasks and associated products manufactured and sold by Thermos the Essex company, a subsidiary of King-Seeley Thermos of the U.S.

Although Thermos is not at present seeking a price rise—it last raised prices by some 9 per cent in January this year—the Price Commission can investigate prices at any time under its powers from the 1977 Price Commission Act. It appears, however, that the commission has decided to investigate Thermos prices because of its dominant market position and a relatively high return on capital.

Thermos has about 70 per cent of the UK market for vacuum flasks.

The commission's investigation is also being carried out under that section of the Act which gives it power to probe prices of companies whose turnover is below £15m, and who are thus not obliged to give advance notice of proposed price increases.

Companies with a turnover of more than £15m have to give the commission 28 days' warning of any rise.

BBC declines sport toss-up with ITV

BY COLLEEN TOOMEY

SIR MICHAEL SWANN, chairman of the BBC, has written to Lady Plowden, chairman of the IBA, rejecting any idea of "tossing a coin" to alternate coverage of the next Olympic Games and World Cup Soccer with independent television.

Lady Plowden had suggested the idea in a letter to Sir Michael last month to avoid filling both main channels with similar coverage.

"It is surely disingenuous to argue that unless the BBC agrees that the 1980 Olympic Games and the 1982 World Cup be regarded as a package to be shared by the toss of a coin, ITV will be forced to duplicate coverage of both events," he said.

Sir Michael claimed that the Olympic Games are so varied and so popular that both organisations could be covering different events in what amounts to 140 hours television over about two weeks. As for the World Cup, he said, this amounted to nine hours duplication in four years—that is nine hours out of nearly 50,000 hours of programming by the BBC alone.

For years, the ITV companies had refused to cover Test cricket, Wimbledon, the Grand National or the Boat Race, he said.

"We do not believe their general disinclination to take part in sporting coverage of major events is founded on some pious commitment to alteration, but on the fact that none of these events attracts very big audiences, and hence advertising revenue, whereas the Cup Final, the World Cup and the Olympic Games do," Sir Michael said.

The BBC, which covers 54 sporting events year-round, claims that IBA wants to cream off the major sporting events, whereas the corporation has spent money and time developing a nationwide interest in all sports featured at the Olympics.

Sir Michael also reminded IBA that audience preference on occasions when ITV has chosen to compete in coverage with the BBC has shown a marked bias towards the BBC which, according to both services' statistics, is about 2½ to one in favour of the BBC.

The argument that rotation of the major sporting coverage would save money "is nonsense," according to the BBC. Sir Michael said: "There is practically no difference between the overall UK costs if both the BBC and ITV cover the Games, if some method of alternation occurs, or if one organisation covers them exclusively."

Campaign seeks more trade for London's port

A CAMPAIGN is being launched this week to show that the Port of London is "still very much in business" despite the financial crisis facing the Port of London Authority.

On Wednesday representatives of wharfingers, trade unions and the PLA will set out to prove to existing and potential customers and the local community that all interests in the port are working together to win more trade for London.

Over 120 customers and local and national government representatives will visit Tilbury to see at first-hand the scale of the investment made there in the past 15 years. They will return upstream to view the Upper Docks and the specialist wharf facilities that are increasingly vital.

HOME NEWS

NEDC backs target plan to cut imports

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FRESH approach to the problem of tackling imports, developed within the Government's industrial strategy over the past year, was backed yesterday by all members of the National Economic Development Council.

It has involved almost all the strategy's 40 sector working parties setting targets for reducing, or at least stabilising, the share of the UK home market taken up by imports in their industries.

Union leaders on the NEDC have been urging that progress made towards achieving these targets should be closely monitored and yesterday it was agreed that they will be reassessed early next year.

At that time the TUC may decide to call for urgent selective import controls on those industries which have not met their targets. But in the meantime the dispute between the Government and the TUC over wider-ranging import controls has been defused.

This emerged at yesterday's council meeting after which Mr. Geoffrey Chandler, director general of the National Economic Development Office, said that Mr. Denis Healey, Chancellor of the Exchequer, had noted that exports have been moving ahead recently while imports have remained under control. But it was stressed that it is too early to draw any long-term conclusions from this.

Government Ministers and industrialists at the meeting agreed that there was no case for general import controls, and Sir Leslie Murphy, chairman of the National Enterprise Board, said that "If there is a growth in protectionism, British industry will suffer."

Problem areas

But the most significant contribution on this issue came from Mr. Len Murray, TUC general secretary, who said he backed the line that there should be no blanket controls. The TUC, he added, "found no attractions in a siege economy." But he did not rule out selective temporary controls and added that specific problem areas should be looked at.

This fits in with the formalised procedure developed within the industrial strategy which is being operated alongside efforts to boost exports.

Some of the sector working parties have prepared individual import penetration targets for separate parts of their businesses. As a result, 69 targets were contained in a paper presented by Mr. Chandler to the council meeting yesterday.

Some areas are aiming for substantial cuts in import penetration. For example, the fridge freezer part of the domestic electrical appliance sector aims to cut imports' share of the home market from 77 per cent to 49 per cent by 1982.

On the other hand, the newsprint part of the paper and board sector is only aiming to prevent an increase in a 75 per cent level of penetration while, at the other end of the scale, the biscuits part of the food and drink sector want to hold imports to just 2 per cent.

It was also agreed yesterday that one important way of trying to meet these targets is to increase collaboration between customers and producers, especially in the public sector.

Naphtha price going up by 15%

BY SUE CAMERON

THE MAJOR oil companies have begun putting up the price of naphtha—a basic feedstock for the petrochemical industry—by 15 per cent.

They are negotiating contract prices for the fourth quarter and on average the naphtha price is going up from $130-$132 per tonne to $150-$155 a tonne. Shell is among those understood to have raised prices by about $20.

Contracts for the sale of naphtha — a raw material in plastics production — usually run for about five years with prices being renegotiated each quarter.

Customers can also buy in Rotterdam but naphtha spot prices there are also showing a steep increase. They have now risen by roughly $165 a tonne, compared with $145 a tonne in the third quarter.

Naphtha prices have shown a fairly steady increase since the beginning of the year when they were as low as $113 a tonne. The latest rises will put further pressure on petrochemicals companies to increase the prices for plastics.

Plastics producers are already hard pressed. The majority of them are still failing to cover costs and attempts earlier in the year to put up their own prices were unsuccessful.

This month Dow Chemical, Imperial Chemical Industries and Shell Chemicals put up the price of their low density polyethylene by 10 per cent, but they say further increases will be needed to reach break even point. The latest naphtha price rises will squeeze petrochemicals companies even more. Those that are not subsidiaries of oil majors are likely to feel the pinch particularly.

Some petrochemical companies are thought to be hopeful that naphtha prices will drop back again, but the signs are that this is wishful thinking. Mr. Stuart Walmsley, of Hedderwick Stirling Grumbar, said yesterday that this time "prices will stick."

"Until there is an increase in the use of refining capacity, naphtha prices will not only stay up—they will go up a lot more. Naphtha users will have to put up their own prices," he added.

Ford tops league as car sales reach record for September

BY KENNETH GOODING

CAR SALES in the first nine months of 1978 were 23.48 per cent above the same period last year. But the industry believes sales will drop away in the final quarter and that in the full year they probably will not reach the record 1.66m reached in 1973.

Society of Motor Manufacturers and Traders statistics, out today, show Ford was the most successful manufacturer in September and also remained by far the biggest importer. It had a 27.43 per cent market share, but 38.46 per cent, or 14,007 of the 36,419 cars it sold in September, were imported.

The total included 4,419 Fiestas from Spain, against 3,012 of the British-built variety, and 3,460 German Granadas.

In the first nine months of this year Ford has sold 119,702 imported cars, or 33.76 per cent of the 354,475 total.

BL, second to Ford in September with a 23.03 per cent market share, was also importing Minis and Allegros from Belgium. It was also second to Ford over the nine months with a 22.74 per cent share, compared with Ford's 26.97 per cent.

In the first nine months of this year BL has sold 1,918 Minis and 8,314 Allegros built in Belgium. This compares with 56,307 UK-built Minis and 43,672 Allegros.

UK CAR REGISTRATIONS

	September				9 months to end of September			
	1978	%	1977	%	1978	%	1977	%
Ford*	36,419	27.43	23,399	22.62	354,475	26.97	264,970	24.89
BL*	30,578	23.03	24,113	23.31	298,947	22.74	265,483	24.94
Vauxhall*	8,427	6.35	7,936	7.67	105,016	7.99	98,152	9.22
Chrysler*	8,358	6.30	5,989	5.79	86,499	6.58	63,477	5.96
Total British	65,415	49.27	51,177	49.47	675,393	51.38	584,504	54.92
Datsun	8,986	6.77	9,047	8.75	85,610	6.51	68,811	6.47
Fiat	7,309	5.51	6,567	6.35	58,578	4.46	52,970	4.98
VW/Audi	5,650	4.26	4,294	4.25	50,740	3.86	36,985	3.47
Renault	4,841	3.65	3,977	3.84	55,393	4.21	45,785	4.30
Total Imports†	67,346	50.73	52,269	50.53	638,991	48.62	479,857	45.08

* Includes cars from companies' Continental associates which are not included in total UK figures.

† Includes imports from all sources, including cars from Continental associates of UK companies.

Forecasts

Total car sales in the UK in September were 132,761, some 28.34 per cent higher than September, 1977, and more than 7 per cent above the previous record September sales figure of 123,768 in 1973.

In the first three-quarters of the year registrations totalled 1,314,384, 23.49 per cent higher than in the comparable period last year. But they were below the January-September total of 1,359,463 in the record sales year 1973.

Sales for the whole of 1973 reached 1.66m but even the most optimistic UK companies expect that although this might be equalled it will not be beaten this year. The official SMMT forecast remains 1.6m for total 1978 registrations.

Importers took 50.73 per cent of sales in September, compared with 50.53 per cent in the same month a year ago. Over the first nine months of the year importers had 48.62 per cent of the market against 45.06 per cent in the same period last year.

Among the importers, Japanese car sales were slightly up in September compared with the same month a year ago, at 15,153 against 15,114. This reflects the problems companies were having in keeping sales down in a buoyant market so as to fulfil their undertakings to the UK Government not to increase market share.

In September Datsun's sales fell from just over 9,000 in the same month last year to 8,986, but the company still won a 6.77 per cent share of the total market and outperformed both Vauxhall (6.35 per cent) and Chrysler (6.30 per cent).

During the first nine months of this year total Japanese car sales at 146,946 represented 11.18 per cent of the market compared with 115,136 or 10.82 per cent for the same months of 1978.

Balancing the increase in imports from other companies to some extent has been the drop in Alpines imported from France by Chrysler. Only 110 French-built Alpines were registered in the UK in the first nine months against 2,829 in the same period of 1977.

There was also a big drop in registrations of the Simca 1000 and 1100 from Chrysler's French operations. In the nine months, UK sales of the Simca 1000 have fallen from 1,856 to 952 and of the Simca 1100 from 3,879 to 1,794.

As production of the Vauxhall Cavalier at Luton builds up, imports from General Motors' Belgium plant are falling. In September they were down from 2,564 to 1,337. Over the nine months 12,879 UK-built Cavaliers have been sold, compared with 32,138 from Belgium.

Volume of UK exports grows

BY DAVID FREUD

THE UK's trade performance fell between 1971 and 1974, before recovering to some extent between 1975 and 1977, according to a Department of Trade memorandum prepared for the National Economic Development Council.

The import-export ratio rose from 100 in 1970 to 103 in 1971, and then fell at a time when all the world's major economies were expanding strongly—to 84 in 1973. The oil price rise pushed the ratio down further to 76 in 1974.

Since then the ratio has risen to 95 in 1977, with, in the latest two years, "favourable export performances and the effects of North Sea oil," the memorandum says.

The volume of imports rose by just under one-third between 1970 and 1977, but the volume of exports rose by almost a half. However, over this period the terms of trade deteriorated and in 1977 the visible trade balance was worse than in 1970, although much improved compared with 1974-76.

The main features during the 1970s in the UK's trade performance were:

- A sharp growth in the volume of imports in 1972 and 1973, a marked reduction in 1975 and the subsequent increase to a level in 1977 which was a little below that in 1973-74.
- Growth in the volume of exports which began in 1973 and, apart from an interruption in the recession year of 1975, has continued strongly, particularly following the sharp fall in sterling in 1976.
- Deterioration in the visible balance between 1971 and 1974 to £5bn deficit, followed by a recovery to a surplus of £1.7bn in 1977.

Imports of finished manufactured goods more than doubled in volume terms over the period, semi-manufactured rose by more than half, while fuels and basic materials fell.

As a result these imports accounted for a much greater proportion of the total value of imports—59 per cent in 1977 compared with 51 per cent in 1970.

While exports of manufactured goods rose by more than 50 per cent in volume terms over the period, they accounted for 82 per cent of total exports in 1977, compared with 85 per cent in 1970.

Manufacturing industry achieved a trade surplus through most of the 1970s, with the ratio of exports to imports falling below 100 only in 1973 and 1974, when it was 87 and 89 respectively.

£1m rail station handed over

THE £1M Bedford Midland Station was handed over yesterday at an official ceremony attended by Sir Peter Parker, British Rail chairman.

The station, handed over on time by the contractors, Robert Marriott, a member of the French Kier group, is situated just north of the original one, which was built in 1857 and enlarged in 1868.

Main feature of the new building is the concourse, partially enclosed by tinted glass, which accommodates a ticket office, travel centre, Travellers Fare buffet and a newspaper and confectionery kiosk.

Good start for Islamic works

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S had a good start to its sixth series of sales devoted to Islamic works of art. In the past year or so Qajar paintings and Persian lacquer have suffered some reaction from the very high prices of 1976 and early 1977, but yesterday a standing portrait of Shahzada Abbas Mirza, Crown Prince of Persia and son of Fath Ali Shah sold for £120,000, plus the 10 per cent buyers premium. The price was comfortably above forecast.

The painting was by one of the most famous Qajar portraitists Abdullah Khan and dated 1807. It was given by the Crown Prince to Colonel de Bontemps, an ancestor of the present owner, who brought it back to Europe rolled up under his saddle. It was bought by a Persian private buyer.

A more extraordinary price was the £45,000 paid by another Persian buyer for a lacquer pen box with scenes of Heaven and Hell and Napoleon in battle, painted in the mid 19th century. It set an auction record for any item of Persian lacquer, and more than doubled the previous best. It had been expected to sell for £10,000-£15,000.

Other high prices were the £28,000 from Colnaghi for a Turkish anthology with 51 miniatures of personalities at the Ottoman Court, dated 1588, and £11,000 from a Persian dealer for another Qajar portrait, a watercolour of Fath Ali Shah by Muhammad Hasan Khan. In the main Persian lacquer was in great demand, as were the better quality Qajar paintings.

Indian works of art sold well with an auction record price for a Rajput miniature of £5,000, paid by an American private buyer for an illustration to the Ramayana, dating from about 1700. The day brought a total of £382,997.

At Christie's, South Kensington, a pair of Chinese hardwood fire screens made £1,900 in an oriental sale; a pair of William IV candlesticks, and a five-piece Victorian tea and coffee service, £550 each in a silver sale; and a study of Dopey, one of the Seven Dwarfs, from Walt Disney's studio, sold for £160 in a watercolour and print auction.

An Italian landscape in the style of Zuccarelli sold for £2,400 at Phillips yesterday. It depicted a figure on horseback passing by a beggar seated beside a riverbank. A painting of Venus and Cupid on alabaster in the style of the Neopolitan school sold for £1,300. The sale made £28,226.

In a sale of funiture, totalling £35,205, a set of large brass scales supported from a bull's mouth went for £800 and a Middle Eastern coconut shell water vessel for £520.

HOME NEWS

ARTHUR SANDLES ANALYSES THE GRAND MET BOARDROOM SPLIT

Morley, the Mecca man who liked to call his own tune

SUCH IS the difference in character between Mr. Eric Morley and Mr. Maxwell Joseph, his group chairman, that one centre of speculation after the Grand Met Boardroom fracas might concern the question—why did it take so long?

In personal terms, Mr. Morley is conversationally aggressive to a point some might regard as arrogant, while Mr. Joseph carries self-effacement to near seclusion, though less now than in his earlier years.

As top men in this brewing-to-bingo group they gazed at one another over a corporate gap that was often more of an abyss than a gulf. The division is physical as well as figurative.

Mecca's headquarters are in the dusty, grey streets of Southwark, south of the Thames, while Mr. Joseph's tasteful office is in the genteel heart of diplomatic Mayfair.

The break has been on the horizon since 1971 when the Grand Met/Mecca merger took place. The rumbling row over incentive schemes was not just a straw to break the camel's back, it was a fully fledged log.

Grand Met has a reputation of being a one-man band—with Mr. Joseph being the man. But in fact the group has a powerful duo of joint managing directors, Mr. Eric Sharp and Mr. Ernest Grinstead.

It is one of these two men that each of Grand Met's present four operating divisions report. Mr. Morley's Mecca is under the wing of Mr. Sharp and it is to him that Morley has had to answer in the first instance.

Mr. Sharp is a tough no-nonsense individualist, but a man with a deep loyalty and respect for Mr. Joseph. He shares his chairman's aversion to the limelight.

Under the plan for the post-Morley era Mecca would cease to operate as an entirely separate empire. Its own four sections would report individually to Mr. Sharp as the new chairman of Mecca.

Terry Kirk

Eric Morley, the sacked chairman of Mecca, after the Grand Met board meeting in London yesterday.

Mr. Josph has always operated a system of delegation in his operations, giving divisional heads considerable freedom. However, it does seem that there have been many disagreements over how far this individual freedom of action could go.

Mr. Morley's strength over the years has been his profit record. Total freedom of action can have its unseen dangers.

In these days of increasing unionism, for example, industrial procedures operating in one section of a group can easily set a pattern for claims throughout the enterprise.

Now in his 60th year, Mr. Morley has always been a fighter, and shown remarkable consistency in winning his battles. An orphan early in life, with a Cockney accent he has never lost, he rose through the ranks to be a wartime acting major.

He joined Mecca in 1946 as a publicist for dance halls—in one of them he met Julia, the wife who last weekend spilt the corporate beans—and rose rapidly to the top. By 1951 he was head of dancing, by 1954 he was a director and he became managing director in 1961.

He claims to be the man who brought commercial bingo to Britain and he certainly has the unchallenged honour of creating those twin pillars of British leisure culture—the Miss World contest and Come Dancing.

He is a generous supporter of charity and one-time chief barker (chairman) of the British Variety Club and a dedicated Conservative.

A major disaster in Mr. Morley's public life has been his inability to understand the Press. He has been consistently flayed by columnists who he nonetheless cheerfully sees.

He has the unhappy knack of treating interviewers with what is probably suspicion but which is easily taken for contempt. He complains about being misunderstood by Fleet Street and is particularly upset by newspaper eagerness to criticise the Miss World Contest.

For some, Mr. Morley has been a possible successor to Mr. Joseph as chairman of Grand Met, but that particular prize has seemed to retreat as Mecca, in spite of its admirable profits record, has been consistently isolated from the rest of Grand Met's enterprises.

This isolation is so real that many Miss World viewers might be surprised to learn that Mecca is only a division of Grand Met and not a separate Morley-owned operation. In fact Morley has less of a financial stake in the whole Grand Met business now than he did a year ago.

Earlier this year he sold several thousand Grand Met shares because, as he said, he could not afford to live on his salary—probably about £35,000 a year gross, or £12,000 net.

Fiat picks UK for X1/9 launch

By Kenneth Gooding

A NEW version of Italy's top selling sports car, the Fiat X1/9, will go on sale in the UK before the end of the year before it is launched in Continental Europe or the U.S.

The newcomer, the X1/9 1500, will be on view at the International Motor Show in Birmingham this month.

Fiat has chosen a UK launch because of the X1/9s success since its introduction in January 1977. In the first 18 months, more than 3,500 were registered in the UK in spite of constraints at the Turin factory.

The car has consistently taken 10 per cent of the UK sports car sector, but in western Europe as a whole its sales are behind the Matra-Simca Bagheera, which had 30 per cent of the market last year, and the BL Spitfire, with 20 per cent.

● Fiat's mini-car, the 127, has had its UK price lifted by more than 3 per cent. The basic 900L two-door 127 goes up to £2,137.59 while the three-door 1050CL will cost £2,471.04.

Poll says Labour's Scottish backing stands at 48%

AN OPINION poll published in yesterday's Glasgow Herald puts Labour well ahead of the Conservatives in Scotland—although it has dropped 4 per cent on a month.

In reply to the question: "If there was a general election tomorrow which party would you vote for?" 27 per cent said Conservative, 48 per cent Labour, 19 per cent SNP, 4 per cent Liberal and 1 per cent Scottish Labour Party.

The figures in a similar poll in September were Conservative 24 per cent, Labour 52 per cent, SNP 18 per cent, and Liberals and Scottish Labour 3 per cent.

Labour yesterday launched its campaign for the forthcoming Berwick and East Lothian by-election with the boast: "We are on our way to a hat-trick."

The party is confident that Scotland's third by-election this year—it held Glasgow Garscadden and Hamilton despite a determined Nationalist attack—will show that Labour has not lost support in this highly marginal constituency.

The by-election, expected to be held on October 26, is caused by the death of Professor John Mackintosh who had an October 1974 majority of 2,740.

Unlike Hamilton and Garscadden, the Nationalists have no serious hope of winning this seat, and it is being widely regarded as a straight Labour/Tory contest.

Labour's candidate is Mr. John Home Robertson, 29, a local farmer and a distant relative of former Tory leader Lord Home.

Mrs. Helen Liddell, Scottish secretary of the Labour Party, said the seat was regarded within the party as a showpiece constituency, with a "superb" organisation and a high membership of more than 2,200.

The Tories are fielding Miss Margaret Marshall, 44, a chartered secretary, who predicted last week that she would have a majority of between 3,000 and 5,000.

The Liberal candidate is Mr. Tam Glen, 49.

Landlords 'need fair returns'

THE CONSERVATIVE Bow Group today calls for radical changes in the Rent Act to make it easier for landlords to repossess their property and give them what it calls a "fair rent" from private tenants.

The group recommends amending the 1977 Rent Act to encourage more private landlords to rent out accommodation as the most affective way of easing the country's housing shortage.

The reforms would not affect any existing tenancy agreements.

The report is written by Mr. Michael Stephen, a London barrister, who wants his recommendations incorporated into the Conservative Party manifesto.

Mr. Richard Barber, the Bow Group's research secretary, said successive Government legislation since 1974 has been aimed at protecting tenants. It had forced landlords to leave property vacant.

The recommendations would allow landlords to give six months' notice and if they let part of their own house they could give tenants two months' notice to leave.

Present-day rents, the group claims, are often unrealistic and do not give landlords a fair return on their investment.

Under the Bow Group's proposals, rent fixing would still be done by local authorities. But new guidelines are laid down for rent officers to follow.

These should include the landlord's obligations for maintaining the building, providing services for the tenant, and a "remuneration" for his investment.

The rent would also take into account compensation for irrecoverable rent arrears of past tenants.

● Local authorities are ignoring or evading the Housing (Homeless Persons) Act when it comes to single people, says the National Cyrenians voluntary organisation in its annual report.

£50m terminal for Seaforth given go-ahead

By Our Liverpool Correspondent

THE GOVERNMENT has given the go-ahead for a new Freightliner terminal at £50m Royal Seaforth container port.

Mr. William Rodgers, Transport Secretary, said during a visit to Liverpool yesterday that the Government would give a £412,000 grant, representing half the cost. The remainder will be found by the Mersey Docks.

The two-track terminal is expected to be in operation by next autumn, with two trains a day linked to the main line network.

Until now containers have been ferried from the dock by road eleven miles across the city to the Freightliner terminal at Garston. This involves about 60 trips a day.

Mr. Rodgers said the new terminal would be of considerable environmental benefit as well as helping to ease economic and unemployment problems.

Guinness offers Triple X stout

BY PAUL TAYLOR

ARTHUR GUINNESS yesterday launched an extra strong stout beer called Triple X in the UK market. Previously marketed abroad as Foreign Extra Stout, it will be sold in the London area this month and promoted with a £250,000 TV and poster advertising campaign.

The Triple X launch follows its successful 18-month trial in the company's West Pennines region and reflects the group's confidence in the strong ale and barley wine market in spite of the continuing decline in bottled beer sales.

Guinness sells Foreign Extra Stout in about 120 countries, and leads the market in some nations. The continued shift of production from Dublin to foreign plants has left spare capacity in Dublin for Triple X beer production.

With an original gravity of 1073°, or about twice the strength of Guinness Extra Stout, the new beer is placed firmly in the specialist strong ale, barley wine and super-lager strength league, which at present claims a stable 0.6 per cent of the beer market.

New era for motor parts industry

BY KENNETH GOODING

THE MOTOR components industry could be on the threshold of a completely new era and the UK companies are unquestionably well-placed to take full advantage of the situation, according to the Economist Intelligence Unit.

This view is presented in unit's latest special report, which was written by Mr. J. Scott Ward, formerly with Guest Keen and Nettlefolds, and an independent consultant to the motor industry.

He points out that there is a trend for nearly every emergent country to have, if not its own national motor industry, at least an assembly plant with a view to steadily increasing local manufacture as far as suitable components are concerned.

"The UK components industry with its outstanding independent facilities, in contrast with some countries where the vehicle manufacturers' vertical integration has to some extent vitiated the competitive nature of the business, is well placed to take full advantage of the situation," he says.

Mr. Ward suggests that medium-sized companies are likely to have the greatest success. "The controlling company needs to be sufficiently small that vital policy and other decisions can be taken with the minimum of delay, while implementation, in the event of a positive decision, can be kept under surveillance from a responsible level until satisfactory completion.

"In large companies there are normally several interests to be consulted before even initial decision or action can be taken, while for small companies the venture capital, back-up resources and dearth of highly skilled and therefore well-paid specialists, may be insuperable problems."

Among other points made, the report says that the UK appears to offer the most successful base for American component operations aimed at penetrating and serving the growing markets in the EEC, the Middle East and Africa.

Products most likely to enjoy expanding demand are plastic components because they are inexpensive, light and rust-proof; aluminium and sintered metal parts; sparking plugs; exhaust systems (because of stricter vehicle tests); and more sophisticated power-braking systems for heavier trucks.

Mr. Scott refers to an earlier report which, in 1976, identified vehicle assembly plants in developing countries and showed there to be about 67 in South East Asia, about 36 in Latin America (not counting Brazil or Argentina) about 32 in the Middle East plus about ten projected.

The Automotive Components Industry of the UK, EIU Special Report No. 58. Price £40, from Economist Intelligence Unit, 27, St. James's Place, SW1A 1NT.

LABOUR NEWS

Scottish hauliers discuss wage deal

By Philip Bassett, Labour Staff

SCOTTISH ROAD hauliers yesterday opened negotiations in this year's wage round with private haulage lorry drivers, who have submitted claims for pay rises of between 20 and 30 per cent.

The Scottish hauliers, the first of the regions of the Road Haulage Association to open talks with the Transport and General Workers' Union, which represents the drivers, were expecting industrial action to follow the negotiations.

The talks yesterday, though, concentrated on items not subject to the Government's pay policy, according to the Scottish regional office of the association.

Union negotiators will now report back to their members, but as further talks have been arranged for October 23, industrial action by lorry drivers in Scotland seems unlikely.

Road hauliers say privately that they see no chance of settling within the Government's 5 per cent wage guidelines for Phase Four. They feel that many companies would not be able to afford the consequences of industrial action by the drivers, and that they would have to assess the cost of any action against the threat of sanctions by the Government.

Local TGWU officials in Scotland have indicated they are prepared to discuss issues related to productivity. They would take "a responsible attitude" to the pay talks, but in line with general TGWU policy were not prepared to entertain a 5 per cent deal.

The lorry drivers' claim, which is well in excess of the Government's earnings target for Phase Four, involves a rise of about 23 per cent on a basic 40-hour week, which could be considerably higher with overtime, and a 35-hour week without loss of pay.

The drivers were one of the first significant groups to breach Phase Three last year, when those in the West Midlands settled at 15 per cent after industrial action against some companies.

This set the average rate for the Association's other regions and for the country's 1m lorry drivers, including those employed by manufacturing companies.

Times dispute proposals put to print union

BY PAULINE CLARK, LABOUR STAFF

TIMES NEWSPAPERS, which is threatening to suspend all its publications from November 1 unless unions help to work out a new disputes procedure, yesterday tabled its proposals for industrial relations reform with the Society of Graphical and Allied Trades.

But as if to emphasise the difficulties the group faces in finding a joint solution to unofficial disputes by printers on its papers, it also made a "strong protest" to another union over disruption of the weekend's Sunday Times production.

Mr. Dugal Nisbet-Smith, general manager, said he had sent a personal request to Mr. Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel (Natsopa), for his intervention after more than 400,000 copies were lost because of industrial action by machine room men.

Elsewhere, industrial relations problems on the national newspapers continued to look bleak.

Talks between the Daily Telegraph management and London regional officials of the National Graphical Association failed to end a pay dispute which has prevented production of the paper's London edition for six nights.

Outside Fleet Street, there was no sign of a solution to another NGA dispute affecting the [...]ing in Britain of the International Herald Tribune.

Disruption of production [...] NGA members employed [...] King and Hutchings (W[...]minster Press), printers [...] differentials dispute led [...] management a week ago to [...]port all its copies for U.K. [...]tribution from its Paris pre[...]

Fleet Street losses becaus[e of] industrial relations prob[...] published in the UK P[...] Gazette yesterday showed [...] well over 125m copies of Su[nday] and daily papers had been [...] in the first nine months of [...] year. Last month's daily [...] losses were put at 3.28m [...] that of Sunday papers at [...]

BL ordered to pay lost holiday wages

FOUR shop stewards yesterday successfully sued BL, the State-owned car company, over a claim for lost pay. Their action could mean around £20 on average for 1,700 workers at the company's Swindon body press plant.

The stewards claimed they turned up for work during the Christmas holiday week of 1976 but were "locked out" because management had closed the plant. They claimed lost pay for two days and a night shift.

At Cirencester County Court Judge John Main ruled for the stewards because Mr. Russell Hooper, the Swindon industrial relations manager, had assured them that statutory holiday would not be moved without union consent.

The stewards—Mr. Eric Smith, Mr. Terence Woodhouse, Mr. Ashley Tucker and Mr. Arthur Meremiah—had sued on behalf of 1,700 TGWU members at the plant. They were awarded costs.

The action followed a BL decision to shut the plant during the 1976 Christmas week when Christmas and New Year fell on Saturdays; and to transfer two statutory days to "in fill" the holiday week. This was opposed by the TGWU branch. That action was recently heard at Swindon County Court.

Judge Main referred to a 1974 propsal by the company for a national agreement with the unions on future holiday arrangements.

At that time, the branch had a mandate not to transfer statutory holidays, and the stewards were concerned when it became clear the only way to achieve a complete week's shutdown at Christmas was by such a transfer.

In October, 1974, they obtained a written assurance from Mr. Hooper that statutory holidays would not be transferred except by mutual agreement with all the trade unions at the plant. After a national ballot, Christmas holiday arrangements were made, but the Swindon stewards remained opposed to the statutory holiday transfer.

Mr. Hooper maintained that a national meeting of BL management and national union officers represented a firm agreement for a week's close-down at Christmas 1976 with local discussions to follow on the days to be moved.

But Judge Main said: "I do not think it was agreed at national level that individual plants were bound to accept this week's holiday at Christmas.

"The assurance having been given, it seems impossible for the defendants now to contend there was a national agreement binding on all the unions at Swindon that there should be a week's closure at Christmas."

Kodak talks break down after offer

By Philip Bassett

PAY TALKS between K[odak] management and union repr[esen]tatives of its 8,000 manual [wor]kers broke down yesterday [after] the company presented a pay [and] productivity offer which [...] expected to add more than [...] cent to average earnings.

The company's 2,200 [white] collar staff settled last wee[k for] a package similar to that p[ut to] the manual workers, though [part] of the deal negotiated was [a re]opener clause if either [the] general level of settlemen[ts or] settlements within the com[pany] were greater.

The pay talks broke down [yes]terday after union negoti[ators] said the Phase Four offer [was] not acceptable. The unions [have] tabled a claim for subst[antial] pay increases and a reduc[tion in] hours.

Kodak's offer was for a [...] cent pay increase and a pr[oduc]tivity bonus scheme, base[d on] meeting company perform[ance] targets and on individual [...] attendance, which would pr[ovide] a maximum 8 per cent m[ore on] basic rates.

The company felt that [the] offer was a genuine effo[rt to] reach the level of settle[ments] negotiated elsewhere, and [...] it was the best that coul[d be] made under the pay guide[lines.]

The union negotiators will report back to consider further action and the m[anage]ment is preparing a formal [...] to the unions to clarify overall position. No date has been set for any resumption of the talks.

Road tanker safety film

A new short film launched in London yesterday warns road users and bystanders to stay away from any damaged road tanker displaying a diamond-shaped hazard warning panel.

The Health and Safety Executive has produced the 12-minute film What Do The Diamonds Say? as part of its campaign to improve the safety record of dangerous substances transported by road.

Sell-out likely at exhibition

SPACE for the public works exhibition at Birmingham's National Exhibition Centre is expected to be fully booked by the end of this month—nearly a fortnight before the exhibition starts on November 13.

Massey plans may hit plant at Kilmarnock

By Our Labour Staff

ENGINEERING UNION leaders yesterday met management officials of Massey-Ferguson to discuss the company's plans to scale down its Eupropean operations, with the possible loss of about 4,000 jobs.

Particularly at risk under the company's rationalisation study is the Kilmarnock cambine harvester plant in Scotland, which employs between 1,40 0and 1,500 workers.

Last month the Toronto-based company announced that in the nine months to July it had recorded a loss of £145.5m., and that it would begin a study of its manufacturing plants in Europe to see if any action could be taken to restore profits

The Kilmarnock plant, which makes medium to large havesters popular in the UK, splits European harvester manufacture with a French plant at Marquette, near Lille.

Kilmarnock workers fear that the company may decide to concentrate all harvester production at the French plant.

High Court move fails to free blacked ship

LEGAL MOVES to free the union-blacked bulk carrier Camilla M — a Liberian registered ship stranded at Glasgow because of a pay dispute — failed in the High Court in London yesterday.

The ship's owners, Star Sea Transports, sought injunctions to ban the National Union of Seamen and the International Transport Workers' Federation from preventing the departure of the vessel from Glasgow, where she has been since September 10.

But Mr. Justice Donaldson said he had no doubt there was a trade dispute between the ITF and the shipowners. In those circumstances, an injunction would not be granted. The shipowners are to appeal against his decision today.

The federation is demanding that the *Camilla M*'s 30-man Indian crew should be paid the able seamen ruling basic rate.

The ship has been blacked by all unions affiliated to the federation and as a result she has been refused dock or tug assistance.

Yesterday's application was for injunctions against Mr. Jim Slater, general secretary of the union, and against Mr. Brian Laughton, a federation official, and his assistant, Mrs. Aileen Collarbone.

The judge said the shipowners claimed that the real object of the federation was not to improve the crew's terms of employment but to oppose companies operating ships under flags of convenience and to challenge rules on the pay rates of Indian seamen.

But the judge said: "The dispute with the owners is not a sham. It is a real dispute. If the owners could comply with all the terms of the ITF, the dispute would be at an end."

Doctors asked to become shop stewards

By Paul Taylor

THE BRITISH Medical As[sociation] has asked its 207 di[...] secretaries to supervise [the] nomination of hospital d[octors] as shop stewards.

The appointment of [...] work accredited represent[atives] as the association calls th[em is] the first step in its campai[gn to] become a powerful doctors' union.

Division secretaries have [been] asked to return representa[tives'] names by November 1. [...]

These doctors will re[ceive] training from the asso[ciation] and will be expected to dea[l with] members' problems at a [local] level.

Milkmen bac[k]

MILK SUPPLIES were ba[ck to] normal yesterday at Ma[...] Nottinghamshire, followi[ng a] one-day strike by Co-op [milk]men. Thousands of fa[milies] were without milk over [the] weekend because of a d[ispute] believed to centre on a [...] official at the dairy. The [men] returned to work after tal[ks.]

Call to fix homeworkers' rates of pay

PROPOSALS FOR legislation to fix minimum rates of pay and to calculate the hours worked by homeworkers are put today by the National Conference of Home workers Action Groups. It calls for a Government undertaking to grant homeworkers employee status.

The conference, which includes members of the General and Municipal Workers' Union and the Low Pay Unit, asks Mr. John Grant, Employment Minister, for the forthcoming Queen's Speech to include legislation to grant legal employee status.

The proposals calculate hours of work in terms of output equivalent to the hours worked by a factory employee producing the same amount. Minimum rates of pay would be no less than factory rates for similar work and they should be established by the Advisory, Conciliation and Arbitration Service and enforced by the wages inspectorate.

Sacking upheld by tribunal

THE EMPLOYMENT Appeal yesterday upheld the sacking of an electrician over his refusal to transfer from the electricians' union to the transport workers after the TGWU had signed a closed shop agreement.

Victim of the sacking was Mr. Kevin Beaumont, said to have been an "excellent" employee of food manufacturers Libby McNeill and Libby for more than three years.

After the decision, Mr. Arthur Mott, legal officer of the Electrical, Electronic and Telecommunications Union, accused the TGWU of "acting like the Mafia."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● WELDING

Production time cut by joint tracker

COMPANY making steel cabinets and casings at Bad Marienberg, West Germany, was the first to purchase and incorporate into its welding plant an ESAB joint tracking unit—the A6-GAA.

Since its installation, a major improvement in throughput has been experienced.

In the main workshop of the plant, the larger part of the engineering facilities is used to produce heavy duty transformer casings and transformer cooling systems. The transformer casings are in the 40 to 60 ton class.

Previously these tank casings had been welded by hand, at an average rate of 1 metre every 9 minutes. After installing the A6-GAA, and combining it with an ESAB A6-S(G) fully automatic welding head mounted on a column and boom, the company found that weld time was reduced from the hand-welding rate of 9½ minutes to 2½ minutes per metre.

As this company has to put down in the region of 40,000 metres of horizontal welds a year, it experienced a major increase in productivity.

It was found at an early stage that there would be no need to have positioning fixtures to hold down the 40 to 60 ton workpieces in a precise position in relation to the welding wire tip of the welding head carried on the column and boom. All that now is required is to use a gantry crane to place the workpiece on the workshop floor in the approximate welding position because the joint tracking unit takes up any errors in workpiece positioning up to as much as 30 degrees off the straight.

The unit's micro-computer automatically compensates for any error in welding head tracking, and this in turn allows latitude in positioning the workpiece. Workpiece positioners or jigs are totally eliminated.

When welding, the micro has the geometrical factors which exist at a given instant between the welding arc and the edges of the joint fed to its logic circuit every 40 milliseconds. To do this the welding arc is magnetically diverted to either side of the joint for a period of 4 milliseconds in each of the cycles. It is then that the geometrical size of the arc at this instant in relation to the joint is measured.

To do this two pole magnets are fitted to the end of the contact tube of the welding head and the magnets positioned so that they lie in line with the joint. When the magnets are activated the arc is deflected to one side or the other. At this instant arc length, breadth and other geometrical dimensions in the arc are calculated by the micro.

As a preliminary an operator manually makes the best possible weld and the parameters used are stored in memory.

The computer compares the arc's geometrical measurements with the stored parameters any differences are translated into voltage signals and applied to either of two servo-motors which drive horizontal or vertical slides to alter the welding head position appropriately.

Further details from ESAB, S-402 70 Gothenburg, Sweden.

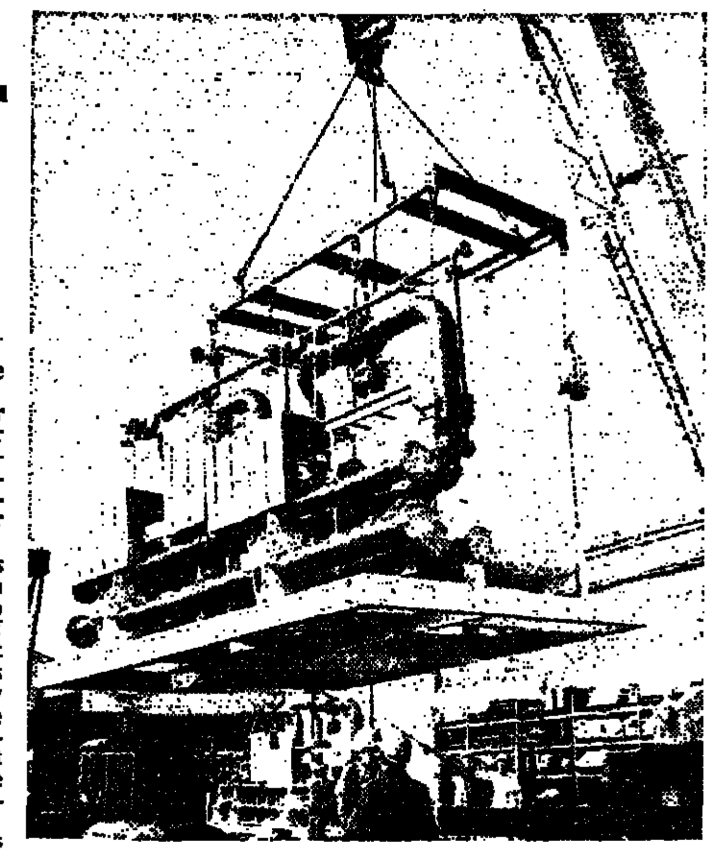
● PROCESSING

Mixtures of all kinds

JAMIX top, side and bottom-entry agitators, with four types of impeller and nine different drive units with powers up to 30 kW have been produced by Oy Ja-Ro AB of Pietarsaari, Finland, to meet any mixing or blending requirements at viscosities up to 100,000 centipoises in both open and pressurised vessels.

For closed-vessel applications, agitator shafts can be fitted with mechanical seals or stuffing boxes to withstand pressures between 0.01 and 5.0 MPa (50 bar approx.) and temperatures up to 200 degrees C. Impellers can be made of any weldable material and be protectively coated for use with aggressive fluids. Large propellers may have bolted instead of welded blades. Aseptic-seal and explosion-proof motors can be supplied.

To ensure that the right combination of impeller and drive unit is chosen for optimum efficiency and minimum power consumption, pilot tests can be run at the company's own laboratory. Initially the choice of impeller must be based on a detailed specification of process requirements. A drive unit appropriate to both environmental and process conditions is then selected.



One of three skid-mounted pairs of Varivoid filters leaving the Permutit-Boby works at Brentford, Middlesex, at the start of its journey to the Conoco Muchison Field Development platform in the North Sea. The six Varivoid filter battery, which was assembled and pre-commissioned before despatch, will be used to *treat sea water required for oil extraction "waterflood" duties.* Operating in parallel, the filters are capable of removing 97 per cent of all solids down to a particle size of 2 microns at flow rates of up to 156,740 barrels of sea water per day.

● ENERGY

Vertical windmill

ADOPTING A design of vertical bladed windmill which looks very like a concept originated three years ago by Dr. Peter Musgrove of Reading University's Engineering Department, McDonnell Douglas is to build a $1.5m "Giromill" for Rockwell International acting on behalf of the U.S. Department of Energy.

The Giromill will generate 40 kw or 53 hp—enough for 16 homes. It will have vertical blades rotating in merry-go-round fashion around a vertical central shaft and will accommodate winds from any direction without major adjustments.

McDonnell Douglas engineers believe the Giromill may be less expensive to build than a conventional windmill of equal electrical capacity. It is also possible to design the Giromill to resist damage in high winds because the blades can be released in such a case, allowing them to weathervane and minimise blade loads.

The Giromill prototype will stand 90 feet high and will consist of a 60-foot steel tower structure, three 30-foot vertical blades, and an electric generator or gear box.

Preliminary feasibility analyses and tests have been conducted at the McDonnell Douglas Company division of McDonnell Douglas. These analyses showed the Giromill to be competitive with other systems already in production. The tests also verified performance predictions in a wind tunnel.

One application would be for deep-well irrigation. Farmers employ irrigation pumps throughout the plains region of the U.S. To power some of these pumps, farmers rely on locally available natural gas.

Meanwhile in Britain a scaled-up version of the Reading vertical bladed mill is under development with funds from NRDC.

McDonnell Douglas is at 68 Goldsworth Road, Woking, Surrey. GU21 1LQ.

● MATERIALS

Retains the warmth

THE REDUCTION of sound levels and conservation of heat are two-fold advantages offered by a flexible covering material known as Granomural, perfected by the French company Societe Codupal, B.P.208, 60206 Compiegne, Cedex, France (Telex 150 151 F).

Consisting of wood chippings bound by latex with a glass fibre reinforcement on each side to provide dimensional stability, it can be applied to ceilings and walls.

The material may be applied in the same way as wallpaper, using a vinyl or acrylic adhesive.

Untreated or unsightly surfaces can be disguised and, as it is an undercoat material, it can be covered with various types of decoration.

● PHOTOGRAPHY

Slides made at home

ALBEIT IN somewhat low key, 3M has for some time been marketing its own colour transparency film, together with a home processing kit which, perhaps because it involves mixing powders with water has not achieved great success.

Many amateur photographers buying private label films (from Boots for example) have also been unaware that the material is made by 3M, intended for the same E4 process, a relatively simple one for amateurs, involving only low temperature processing baths.

In the belief that there is an increasing desire on the part of keener amateurs to process their own transparencies, the company has now brought out a much simpler process involving only pre-packed liquids which are used at 20 deg C. held at either ±¼ or ±1 deg C depending upon the portion of the process. At this normal room temperature, control to half a degree is not difficult.

Recent London demonstrations revealed excellent transparency quality. All that is needed for processing is a developing tank, five bottles of made-up solutions, a thermometer, photoflood lamp and a measuring beaker. Total process time is 68 minutes.

Partially used bottles of the concentrates have a long shelf life so that a couple of films can be processed and the remaining fluid kept for future use: there is therefore appeal to even the "occasional" amateur—a market which the company hopes to expand.

The introduction comes at a time when there appears to be some divergence of view in the trade as to whether the predominant move is towards "instant," or DIY home-processed colour photography. A good deal depends on the kind of amateur involved.

According to Kodak there is in any case a strong move away from the transparency to the colour print.

3M on the other hand believes that more people will take to home processing of slides when they see the quality that can be achieved.

Developed in the UK, the kit of chemicals will be on sale in local photographic and chemist's shops from October 25 at £8.29 (ex VAT).

The value of all sensitised material sold to amateurs in the UK is about £70m, of which colour slide material is probably in the £10m to £20m region—a market on which 3M is now focusing attention.

More from P.O. Box 1, Bracknell, Berkshire (0344 26726).

● PERIPHERALS

UK company's bold move in printers

IN A direct market confrontation with Japanese manufacturers a step not too frequently taken by British companies in the electronics field — English Numbering Machines, a Rank subsidiary, has announced the completed development of an electrosensitive printer with 114 mm paper width.

It will be made almost entirely at the Enfield factory until the company moves into new premises a few miles away at the end of 1980 and will be marketed virtually world-wide, including the U.S. where Rank has sales facilities already.

Price in the UK is expected to be under £350 in OEM quantities (over 100 units); ENM claims that this is around 10 per cent less than much of the competition at this paper size while at the same time offering facilities such as typewriter mode and self-test. For the time being at any rate the company will be steering clear of the 60 mm market.

Work is about to start on the installation of a production line in 3,500 square feet of space at Enfield from which the first 100 machines will roll in about March of next year. They are all earmarked by as yet undisclosed customers for evaluation purposes.

The Home Office however is known to be taking a keen interest in the project, having been involved with development from the start after a debacle with another manufacturer's printer that it intended to put into police cars.

For English Numbering Machines there is no doubt that the new machine, to be called ESP 40, is something of a watershed since it is only a few years since the company attempted to enter the full scale computer printer market, with what new managing director David James calls "disastrous results."

The company's main business was, and will probably remain for some time, hand-held mechanical and a large variety of electromechanical numbering/counting machines. It makes almost all of its own parts — there is for example, a full scale injection moulding operation with some 36 machines.

Building to OEM needs, in four separate buildings and with literally hundreds of separate products, James describes his task of turning the company round to profitability (it will be so in 1978/79 for only the second time in eight years) as "rather difficult."

It was also evident that the company will sooner or later have to turn its hand to electronics, and the new printer, brainchild of technical manager Manfred Huber, is seen as only the first of a new line.

Brain of the ESP-40 is a Motorola 6802 microprocessor, giving the printer considerable versatility, convenience of use and reliability.

For example, four fonts are selectable (10 ch/in, 10 ch/in dense, 5 ch/in and 20 ch/in) and the machine can print graphics such as maps and diagrams. It is also possible, using television raster data, to transmit and adequately reproduce a facial likeness for police purposes.

The machine can be used as a typewriter, keeping the characters in a 360 character buffer for later transmission at up to 9600 bits/sec.

No sprockets are used to move the paper (a transducer keeps track of the head) and if the head is externally jammed or the paper crunches, overloading is prevented by cutting the power supply and sounding an audible alarm. When printing, the unit takes under 3 amps from a 12 volt supply, and under one amp on standby. Print rate is up to 80 full lines/min.

The final production unit, which will have a glass-filled polycarbonate chassis, will weigh about 2 kg and the cased dimensions are only 210 x 105 x 205 mm.

At a recent exclusive demonstration to the *Financial Times*, the printer appeared to be insensitive to mounting position, to shaking and banging. Its specification includes an operating ambient temperature between —15 and +65 deg C, at altitudes to 20,000 ft.

Applications foreseen by the company include use on all kinds of vehicles, process control, testing and wherever the environment may be difficult. Internal operating voltages do not exceed 36 V, used at the head itself.

The company is at Queensway, Enfield, Middlesex EN3 4SB (01-804 8121).

GEOFFREY CHARLISH

● SERVICES

Powerful aid for brokers

TO BE demonstrated this week, a policy-handling system has been produced to meet the needs of insurance brokers. It will be shown at the British Insurance Brokers' Association Conference and Exhibition, National Exhibition Centre, Birmingham, on October 13 and 14.

Designed for Dunlop and Badenoch (Consultants) London, it is for use in small to medium sized brokerages with the aim of cutting costs and increasing administrative efficiency.

Using Gamma Olympic hardware based on DEC microcomputers, the package holds up-to-date information on policies and all clients; revenue derived from each policy by way of initial and renewal commission; comparison of commissions received against those due with detailed lists of discrepancies; business reports monitoring cost effectiveness of advertisements and salesmen.

The IBP system is being offered at a total price of about £10,000 (including the application programe) and is also available on lease or rental.

Dunlop and Badenoch (Consultants), 31 Percy Street, London W.1. 01-323 0886.

● ROADMAKING

Improves the surface

WHAT TO do with plastics waste is a problem which has exercised quite a few ingenious minds. From France comes an idea for incorporating pvc waste and aromatic hydrocarbon pitch into a lower-cost binder material to be used on concrete-surfaced roads subjected to particularly heavy traffic.

Compo 2020 is the name given to the mixture which contains 20 per cent granulated pvc and 80 per cent pitch and its developers, with some two years' experience of its application to trunk roads behind them, claim that it is highly resistant to rut formation and to cracking, while being impervious to rain penetration and providing good anti-skid characteristics.

Sté Internationale Routière, 19 rue Broca, 75240 Paris Cedex 05, France.

The Management Page

EDITED BY CHRISTOPHER LORENZ

The City reacts to the wind of change

Nicholas Leslie reports on the resurging preoccupation with small business development finance

A NOTICEABLE shift in attitudes has taken place in recent months among banks and other financial institutions towards providing development capital for the smaller business sector. This type of funding is now being considered much more sympathetically and even venture capital for start-up situations is being looked upon more kindly than it has been for many years.

No doubt there are numerous budding entrepreneurs and owners of established small companies who would argue that banks appear just as intransigent as they have ever been and could produce evidence to show that recent requests for finance had been rejected just as summarily as they had been in the past.

But that would be to miss the point, for the key change has been in the frame of mind that banks are now adopting towards financing small companies.

Certainly this attitude has yet to work through to action on any large scale. The big question, therefore, is whether it ever will, or whether current attitudes in the financial community will ultimately be revealed as mere posturing to suit the pressures of the time—including a surfeit of funds. Nevertheless, the fact that a more flexible way of thinking now exists is in itself something of a breakthrough.

The lever of debate about small companies, fired by the Prime Minister's enthusiasm for the subject, by the work of Harold Lever, the Cabinet Minister given a special brief for this sector, and by the deliberations of the Wilson Committee, has undoubtedly stimulated thinking. And the result is that a fashion for small company development capital has been created—and the City is prone to following fashions.

It seems likely that when the Wilson Committee does finally report it will spotlight the fact that there is little really effective institutional machinery for venture capital, even though a surfeit of funds for companies in general may well exist.

Some anticipatory action by the banks would, therefore, provide them with ammunition with which to counter any criticism directed their way. Similarly, pension funds — anxious no doubt to avoid any possibility of governmental direction on which areas a proportion of their funds should be directed—have been making the right gestures about investing in small companies and even venture capital projects.

"Our first venture capital investment has been too successful—they've just made a takeover bid for us."

Specialists

Many of the long-established development capital specialists such as Industrial and Commercial Finance Corporation, Charterhouse Group and Gresham Trust, have been much more active this year than for some time and the latter two have, after an abstinence of some years, even stepped back into venture capitalism, or something very close to it.

For example, the investment by Charterhouse Development (featured on this page on October 4) of £50,000 as part of a total £200,000 package which it helped to arrange to develop The Byte Shop into a chain of computer retail outlets was, by its own admission, its biggest investment in anything so new.

But of equal interest is what some of the big clearing banks are up to. In August, the Midland Bank disclosed that it had set up a pilot scheme in Newcastle with the local office of the National Enterprise Board to provide finance for small companies in the north of England and this will eventually be extended to Liverpool where the NEB has another regional office.

It is unlikely that the Midland will develop its partnership with the NEB further, but it is quite possible that it will make more equity and loan money available to small companies by other means. One possibility is that its new experimental structure of grouped branches, through which the particular expertise required to assess applications for this type of money could be directed, might be used. Venture capital in the sense of backing new companies, may be considered.

Barclays Banks also is aiming to extend its development capital activities. Its merchant banking subsidiary has, over the past five years, made around ten equity investments and steps are now being taken to raise the level of activity through Barclays Development Capital. It is gearing up by expanding its team of specialist directors and has recently taken the decision to commit £2.5m to this area of business. Normally, its objective is to invest in companies which are earning £50,000 a year pre-tax profits and which are looking for funds for a further phase of expansion. However, it seems that if the right proposition came up venture capital backing would be given.

What that "right proposition" might be is not totally clear, but it would probably be something like a person who has a first-rate reputation in a particular area of industry and who wants to continue doing the same thing, but running his own show.

This is the type of venture capital investment that banking organisations wish to make and it shows that the level of risk they are prepared to take is relatively modest. At the same time, it is clear that the number of investments being talked about is also not particularly large.

Another significant feature of this apparent commitment to helping more small companies either to get off the ground or to move into a new phase of expansion lies in the ultimate objective of the investors. Historically, the pattern of venture and development capital has been for the investor to back a business, nurse it along for a few years and then realise a capital gain either by the company going public or by selling the investment to a large company. It has constantly been maintained that, without the prospect of the capital gain, the return offered by dividend income alone is not sufficient to make such investments profitable.

Prospects

Now while there have been one or two very successful Stock Market flotations over the past year, this particular route is in no way as attractive as it was back in the early 1970s. So presumably investors—and they include the pension funds—are either not looking for this option to provide them with a major financial gain, or they are living in hopes of better things in a few years' time. Equally, prospects for selling small concerns to big companies do not look much better.

In fact, many banks are now being presented with investment opportunities as a direc[t] result of the larger group[s] selling off activities which the[y] feel are no longer germain t[o] their business or which are to[o] small to integrate comfortabl[y] with a particular structure.

These are the types [of] investment to which banks gi[ve] very serious consideratio[n] because the deal ofte[n] involves providing the k[ey] executives of the subsidia[ry] concerned with sufficient fun[ds] for them to buy the compa[ny] from the parent. One thi[ng] banks really do like is a go[od] established business and rete[n]tion of good management whe[n]ever they take an equity sta[ke].

But whatever type of inve[st]ment one is talking about [in] terms of development a[nd] venture capital, there is [a] degree of risk involved sin[ce] the money is being invested [on] an unsecured basis. And th[is] means there is a possibil[ity] that the money invested may [be] lost entirely.

Whether a full appreciati[on] of this truism exists throu[gh]out the financial community [is] a moot point. More impo[r]tant is whether the financi[al] community would be able [to] withstand a major failur[e]. Given a more flexible approa[ch] to handing out risk money the[re] is, according to the law [of] averages, a very big probabi[lity] that one of the investments w[ill] go bad. When that happ[ens] it will be interesting to [see] whether the banking co[m]munity will accept it as ine[vit]able and press ahead with [a] more liberal quest or whet[her] it will retreat.

How to stand by your deliveries

BY JASON CRISP

ONE of the besetting sins of British industry—so its detractors say—is its inability to deliver on time. Certainly a poor delivery record is one of the fastest ways a company or a country can earn itself a bad name.

Delivering on time, according to Garth Wooldridge, deputy managing director of BSR, the British manufacturer of record changers with 75 per cent of the world market, is an asset which is "as important as the most expensive machine in your factory."

A survey set up by the Institution of Production Engineers concludes that there is little excuse for poor performance in meeting targets honestly and realistically given. According to that survey, of those companies with poor delivery records—more than 15 per cent of company sales are significantly late—the blame lies with management because of bad estimating or planning. Typical problems arise as a result of too much optimism or pressure when quoting, orders taken in excess of capacity, underestimating lead times or the R and D element.

"A good delivery reputation is very likely to result from a customer who is generally satisfied with the attention he receives and has, therefore, felt he has been in control of the delivery, whereas in fact one's actual manufacturing performance may be no better than one's competitor," believes Mr. G. P. West, marketing director of British Twin Disc, a medium sized company making giant power shift transmissions.

Both these views were expressed at a conference organised by the Institution of Production Engineers towards the close of the International Production Engineering and Productivity Exhibition last week. The theme was the reasons behind late delivery and how to resolve the problems, and two main points of consensus emerged. One that punctual delivery is vital to a company's success—"Did you notice how nobody mentioned price?" said one of the speakers afterwards. "Delivery is more important." The second point was that it was very much a top management responsibility.

As BSR's Mr. Wooldridge put it: "How many times have you been let down yourself and when you try to speak to someone in authority you end up being pushed onto some charming secretary or some poor lad in the sales office who says he has done his best but he can't do any more. Where are these dynamic managing directors who hide behind their staff? If you can't face the music you should not lead the band."

BSR has 40 production lines in 5 factories producing 240.000 record changers each week from 40m parts, yet if one line stops for more than five minutes a main board director has to be told, said Mr. Wooldridge. This ensured, he added, first that the board was kept in touch immediately with problems but it was also an incentive for every one else to keep the lines going. Both he and the chairman read every incoming telex every day, even if they had been away from the company.

The reason for this is so that they know which of BSR's suppliers are giving them excuses for late deliveries, they can see complaints from their own customers and can see the new orders coming in—often before the person to whom it is addressed sees it. "It means we are in touch, that we are managing and that we are aware of the facts."

At British Twin Disc, Mr. G. P. West said his company believed that often a reputation for bad deliveries could result from failure to react to minor requests which have nothing to do with manufacture; such as shipping changes, transport requirements, which gate and to which factory units need to be delivered, and a knowledge of the right person to talk to at the right time.

And this is a feature of his company. The only people who have contact with customers is the marketing division which has responsibility for service, spares, sales contracts, transport, packing and shipping. Each customer is given the names of four people in that department who will be able to answer any query, said Mr. West.

The marketing division plans a unit work requirement for the manufacturing division which is "reasonably steady." This means that the marketing division, by smoothing out the troughs of demand, may be holding a finished stock unit, a situation which Mr. West rightly acknowledged is not common.

As most of the customers have different requirements it can mean that any sale from the finished unit stock has to be altered in the service workshop. This he added might appear an expensive way of meeting deliveries until it [is] compared with the cost of [dis]rupting a manufacturing [pro]gramme.

On Britain's bad reputat[ion] for delivering on time in ex[port] markets Garth Wooldridge [told] the conference: "You have [a] very good ally on your si[de]: air freight. In the event [that] you are late, you must take i[nto] account the cost of that as [well as] the goodwill you will create [by] delivering on time."

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LOMBARD

Helmut's error on the dollar

BY SAMUEL BRITTAN

IT IS well known that it was the weakness of the U.S. dollar, which—together with more deep-seated personal misgivings about President Carter's political leadership — prompted the German Chancellor, Herr Helmut Schmidt, to reverse past policies and propose a so-called "zone of monetary stability" in the EEC. Specifically, he was worried about the effects of a falling dollar and rising mark on the competitive position of German industry.

The obvious objection is that the weakness of the dollar stems in large measures from intended portfolio shifts by those who hold the U.S. currency for reserve or trading purposes, and from capital movements. A more attractive EEC prospect would surely lead to a further shift of portfolio preferences against the dollar and thus strengthen the tendency of European currencies to appreciate.

At this level there is an answer. The Germans are concerned not so much with the dollar—D-mark exchange rate, but with the pattern of exchange rates within the EEC. This has been explained most clearly, not by a German, but M. Jacques van Ypersele the highly articulate Belgian chairman of the EEC Monetary Committee (*The Listener*, October 5). "When people move out of the dollar because there is a lack of confidence, they do not move equally into all the European currencies. They move specifically to one currency in Europe: the D-mark. This pushes the D-mark up, and it widens the relationships between the D-mark and the French franc or sterling. So one can say that sharp fluctuations of the dollar have also, in a certain way, contributed to too sharp fluctuations between European currencies. And when I say 'too sharp' fluctuations, what I mean is fluctuations much in excess of what would be allowed by differential inflation rates between European currencies."

Currencies

In other words, one object of the monetary plan is to prevent a shift of funds out of the dollar from strengthening the mark against other EEC currencies. But this is the moment at which to say: "Go slowly."

There are reasons why holders of funds, distrustful of the dollar, are more inclined to shift to the D-mark than to sterling, the French franc, the Italian lira or the smaller currencies of Europe. These relate to the superior track record of the German currency and confidence that this will continue and that political risks will remain low. A mere decision to link other currencies to the D-mark in a system of "fixed, but adjustable parities" will not automatically make the weaker currencies just as attractive to hold. International companies and central banks will still have to ask themselves how frequent and how unpredictable the changes in these currencies are likely to be, and how safe they will be from trade and payments restrictions.

The whole point of M. Van Ypersele's remarks is that *given the same inflation rates, the mark tends to rise relative to other EEC currencies. To obtain exchange rate stability the German inflation rate has to be more than that of her partners.* (Some 2 per cent per annum more than that of the UK on London Business School figures given in Economic Viewpoint, last Thursday.) Switzerland has such a problem to an even greater extent. That country also provides a superior international currency: but financial transactions over the exchanges are a much larger proportion of the total than in the case of Germany, with its bigger industrial base.

It is essential to look behind exchange rates at underlying realities. Germany and Switzerland have a comparative advantage in providing the world with high quality currency balances. But this means that they need to export less, or can import more, than would otherwise be the case. This is an excellent thing for their citizens' standard of living, but unpopular with producer groups, who will claim that an export-oriented economy cannot absorb too quickly a shift of demand towards consumers.

Alternatives

There are some ways of reducing the so-called burden. One would be for Germany and Switzerland to inflate so much that their currencies lose their attraction. Alternatively, there could be a genuine common European currency in which Deutsche Marks and francs were, for instance, simply local names for what was essentially the same currency. In that case the outflows from the dollar would be spread over Western Europe as a whole. Until this happens there is no way in which countries such as Germany and Switzerland can escape from the consequences of their monetary virtue.

A monetary union is different in kind and not just in degree from the proposed supersnake under which parities would continue to change. The proposed arrangements have no advantage over floating rates, under which Ministers do not have to stake their political prestige on highly hazardous calculations of temporarily "correct" exchange rates.

A better intermediate idea would be to merge the D-Mark with the Swiss franc and for Austria and Benelux to move over to this new currency—all they would have to do would be to remove obstacles to their citizens using it. The door could be left open for the Scandinavian countries and France—and much later—the UK and Italy to join.

Still and sparkling from beyond the Po

WINE

BY EDMUND PENNING-ROWSELL

IT WAS ESSENTIAL for the Italian authorities to introduce, in the mid-sixties, the system of the Denominazione di Origine Controllata (DOC) for the country's better wines seeking to compete in world markets. But the proliferation of such appellations has caused confusion in countries where these named wines are little known. Five years ago there were 150 DOC wines, today there are 195, and the number is still increasing. Indeed in most Italian wine districts one will be told of further candidates whose elevation is confidently expected.

Among the existing 195 it is a fair guess that not too many drinkers here will be aware of one Lombard DOC — Oltrepò-Pavese. The name does not roll easily off the tongue in the export market, and this is a pity, for, as I can testify from a recent visit, the wines can be excellent and make a small but significant contribution to the Italian wine scene. They are very popular with the Milanese, with whom there is good deal of direct private selling.

The name itself signifies that the wine comes from that part of Pavia province lying to the south, beyond the river Po. For Pavia itself stands on the broad Ticino shortly before it joins the eastward-flowing Po. No visitor to north Italy needs to be reminded that the Po plain is almost dead flat, fine for growing rice but not wine. But a dozen miles from the city from this plain the vine-covered hills rise almost dramatically. Leave the Turin-Piacenza autoroute that skirts them at one point, drive up into these hills, and one finds oneself in charming valleys, whose steep sides are covered to their crest with vines. The wine district is roughly triangular in shape, 30 kilometres long facing the Po valley and 20 to 25 kilometres descending south on the other two sides. Two of the main centres are the Versa valley and the commune of Casteggio.

Total production of the district is about 2½m hl out of a national average of around 70m hl. Not all this is, of course, DOC wine, which represents only a small percentage of total output. The importance of viticulture in the Oltrepò is shown by the 20,000 ha under vines, and the 10,000 growers, although at least a quarter of these are part-time viticulturists. There are seven *cantine-sociale* (co-operatives), responsible for about half the district's production, and one of the most important of these is Sta. Maria della Versa, whose 700 members contribute about 45,000 hl of DOC wine. It specialises in sparkling wine, and claims to be one of the largest in Italy, producing it by the champagne method of fermentation in bottle and not in tank. I found this crisp and fresh, though lacking the character of the wine it imitates.

There are seven or eight grapes from which DOC wine may be made. For red wine these are Barbera, Croatina (the local name for Bonarda), Uva Rara, a local variety, and Pinot Nero, which is seldom used for red wine, but fermented without the skins for producing sparkling wine. The white wines are made from Italian Riesling, Pinot Bianco, and Pinot Grigio, these last two largely used for sparkling wine, Cortese and Moscato.

As might be expected, owing to the nearness of Piedmont and the planting of grapes associated with that region, the wines are somewhat similar to the Piedmontese wines, but rather less powerful than the Barolos and Barbarescos, and therefore easier to drink when young: though less distinguished and cheaper.

The white Italian Riesling produces a fresh, not too heavy wine that has the virtue in these parts of not being pasteurised, and this is true also of the Pinot Grigio. Some of the Riesling wine may include a proportion of Rhine Riesling, but this is not officially recognised. The Cortese grape originated in nearby Piedmont, in Gavi near Alessandria, and makes a fairly full-flavoured wine of some style.

The Moscato wine is locally much esteemed, as is the Grappa distilled from this grape. One is either for or against grappa, or marc as it is known in France, and I can say of the Oltrepò grappa moscato which I tasted that it carried over some of the muscat flavour and was less aggressive than most.

All the wines made from one of these authorised DOC grape varieties may be sold singly as such, but in addition a blend may be sold simply as Oltrepò-Pavese, so long as it contains up to 65 per cent Barbera; a minimum of 25 per cent of Croatina (Bonarda) and 10 per cent Uva Rara; and a great deal of the Oltrepò DOC red wine is sold under this label.

That does not, however, exhaust the grape varieties to be found on the local wine labels. The private estate of Montelio in the commune of Codevilla produces Merlot and Müller-Thurgau, which were planted no less than 55 years ago, but which are not authorised DOC varieties. This does not however diminish their popularity, especially with the Milanese. I tasted both, and while I did not find the Merlot as fruity as expected, the Müller-Thurgau had the softness and roundness that one expects from this German grape.

Although the co-operatives are prominent in this area, they are less dominant than in some regions, for on the whole the Oltrepò finds no difficulty in selling its DOC wines, including the sparkling wine, which appears to be increasingly popular in Italy—marginally still champagne's biggest export customer. The Travaglino estate, part of the splendid villa of that name, has just started to make a sparkling Pinot Grigio.

However, the best-known private estate in the area is certainly the one in Casteggio which sells a branded wine under the name Frecciarossa ("Red Arrow"). Moreover, it is a pioneer among Italian branded wines, for the Odero family who run it, have been marketing this wine since 1924. Red, white and rosé wines are sold under this label, with a sub-name according to type. The red and rosé are basically made from the Barbera and Bonarda grapes, the white from the Italian Riesling, and all are kept in wood for one to two years, which is rare for the local whites. The rosé's name is St. George, an unexpected Anglicism that may be partly explained by the fact that the publicity brochure proudly states that it held appointments to two Viceroys of India, the Marquesses of Linlithgow and Willingdon! Light rather than heavy wines, they should have gone down well in Simla. In post-British Raj days they may be obtained in Britain from their agents, Giordano. I found all three clean, fresh and well balanced, but I would not rate them as highly as Cyril Ray did in his *Wines of Italy*.

The Oltrepò wines are agreeable, easy to drink but not great; but then they are also inexpensive, though this may not be so evident here under our heavy duties, which penalise such wines by imposing the same charges as on expensive kinds. It is to be hoped that the comments here will encourage a look-out for them.

Meanwhile, those in the district should not overlook another feature of wine interest in the province: the Enotica, six miles to the north of Pavia, and conveniently placed adjoining one of Italy's great show-places, the Certosa di Pavia. In the well-laid-out "museum" all the DOC wines of Lombardy are displayed, from the bigger districts such as the Oltrepò and the Valtellina to the smaller areas of Bergamo, Brescia and Mantua. Each bottle is illuminated to show the colour, a map shows the commune of origin, and there is a description of colour, aroma, flavour and alcoholic strength. And after an inspection of this and a tour of the sumptuous Carthusian monastery, there is a restaurant where the wines may be tried.

Walwyn runners for Newcastle

RACING

BY DOMINIC WIGAN

IT USUALLY pays to take a a close look at any runners sent on the long haul north from Lambourn to Newcastle by Peter Walwyn, and his two representatives at Gosforth Park today—Mill Street and Harvest Supper—undoubtedly merit serious consideration.

The first from this pair to run is Mill Street, who is trying to make it three wins from seven outings this term in the two miles Grenville Handicap. A beautifully-bred bay by Mill Reef out of the Oaks runner-up, State Pension, Mill Street was in particularly useful form before the virus struck Seven Barrows, winning at Nottingham and Lingfield.

Almost certainly in need of the outing when a distant fourth behind Centurion at Ayr last month following a lay-off, Mill Street should be able to recapture winning form provided that he is back to his best of the summer—probably the decisive victory over Amerian at Lingfield.

I take him to win at the chief expense of the still leniently-handicapped Gin and Lime, to whom he will be conceding 23 lbs.

Harvest Supper, a good-looking Silly Season colt, out of the Crepello mare, Royal Pancake, is another who will almost certainly show the benefits of a recent outing. He, too, had a good effort to his name in July, running Cothill to a head in a 10-furlong maiden event at Windsor.

Harvest Supper subsequently ran poorly over a furlong further at Kempton, and it could well be that this afternoon's stiff nine furlongs of the Heathfield Stakes will suit him ideally.

Higher prize money and a first-ever qualifier in Ireland are features of the Philip Cornes Saddle of Gold Hurdle series this jumping season.

Philip Cornes and Company, the Redditch-based firm of nickel alloys and stainless steel specialists, are increasing the value of each of the English qualifiers, run over distances from 2½ to three miles, to £1,500.

The Irish qualifier, over 2¾ miles, will carry £2,000 added prize-money, while the final, to be run over three miles at Newbury on March 3 next year, will be worth £8,000, making it the most valuable novices' hurdle of the season at this distance.

Another series due to kick off shortly is the Tom Caxton Home Brew Handicap Hurdle programme, the first race in the series being at Kempton's opening meeting.

Kempton will be the first of seven qualifiers—the others are due to take place at Newcastle, Wolverhampton, Wincanton, Chepstow, Lingfield, and Fakenham.

The final, which was abandoned in the first year because of frost and snow, is scheduled for Chepstow on March 17 next year, where the added stakes have been upped to £4,000.

Barry Hills has confirmed that he will saddle both Hawaiian Sound and Sexton Blake for the Champion Stakes, irrespective of whether Alleged is allowed to take his chance.

Hills will offer Lester Piggott the mount on Hawaiian Sound, if the Alleged syndicate decides to pull out; otherwise, the Benson and Hedges hero will be ridden by either Pat Eddery or Willie Carson.

It is unfortunate for Hills that Willie Shoemaker, another jockey to have established a sound understanding with Hawaiian Sound, will almost certainly be claimed to ride Exceller at Belmont Park on Champion Stakes day.

NEWCASTLE
2.15—House Maid
2.45—On Edge
3.15—Disc Jockey*
3.45—Tolstoy
4.15—Mill Street***
4.45—Harvest Supper**

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BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Cawl A Chan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Felix the Cat (cartoon). 4.25 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's Newsround. 5.05 The Story Beneath the Sands.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Star Trek.
7.40 Happy Ever After.
8.10 Dallas.
9.00 News.
9.25 Shirley MacLaine asks Where Do We Go From Here?
10.15 Our Peter:
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC1 except at the following times:—

Wales—10.00-10.20 am I Ysgolion. Hyn O Fyd. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10-7.40 Glas Y Dorlan. 11.45 News and Weather for Wales.

Scotland—9.38-9.58 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (as BBC1, 3.55 pm).
1.00 Tecair Ltd.
1.30 Film as Evidence.
2.00 The Living City.
2.30 Conservative Party Conference.
4.55-5.20 and 5.45-7.00 Open University.
7.00 News on 2 Headlines.
7.05 Dizame.
7.30 News on 2.
7.35 Conference Report from Brighton.
8.00 One More Time!
8.30 Roots of England.
9.00 Roots.
10.35 Floodlit Rugby League for the BBC2 Trophy.
11.20 Late News on 2.
11.35 Open Door.
12.05 am Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Home-Made for the Home. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Born and Bred. 3.20 Conservative Party Conference. 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Father Dear Father.
7.30 Fantasy Island.
8.30 Selwyn.
9.00 Whicker's World.
10.00 News.
10.30 The Spencer Side.
11.30 Lou Grant.
12.25 am Close: A landscape of Germany accompanied by the music of Wagner.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 Survival. 11.30 Rafferty. 12.30 am I Believe.

ATV

1.20 pm ATV Newsdesk. 5.15 Gambit. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 Jazz Concert: Stan Tracey Quartet. 12.00 Something Different.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Jonny Quest. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Swing with Gina. 12.00 Border News Summary.

CHANNEL

1.13 pm Channel Lunchtime News and What's On Where. 1.25 West at 1.30. 5.15 The Practice. 6.00 Report at Six. 7.00 The Best of the Muppets. 10.28 Channel Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Commentaries et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 The Flintstones. 6.00 Grampian Today. 6.10 Country Focus. 11.30 Power Without Glory. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.30 Dan August.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 7.00 Definition. 11.30 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Gogls. 6.00-6.15 Y Dydd. 10.30 Dim ond Heddiw. 11.00 World in Action. 11.30-12.30 am Moynihan.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Late Call. 11.35 The Big Break.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day, including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 The Bob Newhart Show. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 11.30 Backs to the Land. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.25 West at 1.30. 5.15 The Practice. 6.00 Westward Diary. 7.00 The Best of the Muppets. 10.28 Westward Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 The Bob Newhart Show.

RADIO 1 — 247m

(S) Stereophonic broadcast
† Medium Wave

5.00 am As Radio 2. 7.02 Paul Burnett. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Folk 78 (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 78 presents Therapy in concert (S). 8.02 Tuesday Night is Gala Night from the Royal Festival Hall (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Peter Clayton introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 — 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Bach family (S). 10.00 Czech Choral Music by Dvorak, Novak (S). 10.40 Clarinet and Piano recital (S). 11.30 Philadelphia String Quartet (S). 12.15 pm Lunchtime Prom, part 1: Bach, Mozart (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Lunchtime Prom, part 2 (S). 2.05 Music at St. George's Bristol (S). 3.05 Master Cellists (S). 3.50 Harpsichord Recital (S). 4.30 Tales of Sifrid from the Nibelungenlied. 5.00 Jazz Today (S). 5.30 Der Ring des Nibelungen "Die Walküre," music-drama in three acts by Wagner, Act 1 (S). 6.04 Natural Selection and the Emergence of Mind. 7.20 "Die Walküre" Act 2 (S). 8.55 The Living Poet: Donald Davie. 9.35 "Die Walküre," Act 3 (S). 10.50 Haydn, Mozart and Authenticity (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 My Apprenticeship. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Let's Talk About Me. 12.00 News. 12.02 pm You and Yours. 12.27 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Vanity Fair (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.05 PM—News magazine. 5.55 Weather: programme news. 6.00 News. 6.30 I'm Sorry I Haven't a Clue (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 The Story of the Pentagon Papers. 8.45 Scientifically Speaking. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation of Education (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Alive. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 Close: As Radio 2.

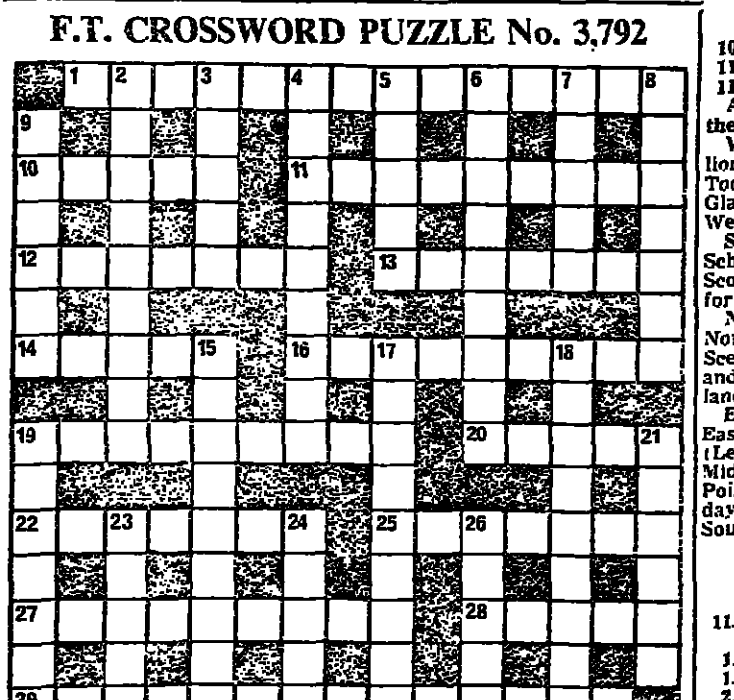
London Broadcasting — 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: Non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio — 194m and 95.8 VHF

6.00 am Graham Dene Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,792



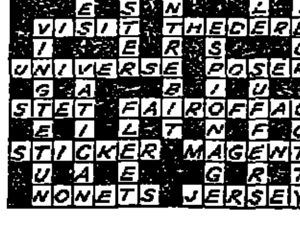
ACROSS

1 Wherein one may sleep in summer for a posh change (4, 2, 8)
10 Give credit to one politician and wave (5)
11 Soldiers going to religious organisation for forgiveness (9)
12 Is obliged to change nag for another horse (7)
13 Choose again to dance wrongly etc. (2-5)
14 Undiluted gas from Welsh town (5)
16 One who renounces sailor returning rota with information (9)
19 Control and follow law enforcer (6-3)
20 Transplant hybrid trees (5)
22 Substitute for salesman with decorative textile (7)
25 They must accept a blow in treatment (7)
27 Variation of tailor's art, omitting tail of coat (9)
28 Polish clan accepting Oriental (5)
29 Acknowledge skill and good character (14)

DOWN

2 Put back horse-controller over stable (9)
3 Brown pigment from soft one in the main (5)
4 Dismiss soldier to shoot man at back of train (4-5)
5 Shellfish from the Channel Islands or French sea (5)
6 One who travels has to go past changing green (9)
7 Old priest takes note of the upper-class (5)
8 American politician capable of creating treason (7)
9 Sharpness of copper getting in the last word (6)
15 Kick the shins of a doctor going to soldiers for a bridle (9)
17 Dark suit and where it may have to be worn (5-4)
18 Trial people enter at will (9)
19 Scrutineer for each employer (7)
21 Attempting to be troublesome (6)
23 Fish is capital (5)
24 Live way-out round the south (5)
26 To be superior one had to sound forty in Rome (5)

SOLUTION TO PUZZLE No. 3,791



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FINANCIAL TIMES SURVEY

Tuesday October 10 1978

Managing Energy

The world is enjoying a temporary oil glut and Britain has for the first time in recent years an abundance of local energy supplies. But Britain has not yet found a way of providing sufficient extra energy to cope with the increased demand likely by the end of the century.

A confused picture

By Kevin Done, Energy Correspondent

ENERGY MANAGERS meeting in Birmingham today for their second annual conference have a right to feel a little confused. In many cases their jobs have been created only in the past couple of years as a result of the growing pleas to industry, commerce, the public sector, and the domestic consumer to save more energy as one way of staving off the day when the UK finally reaches the widely prophesied energy gap.

But they are establishing their jobs at a time when oil, the commodity that is supposed to run down first, is in a temporary glut worldwide. And they are faced with a picture of the UK as a country that is blessed for the first time in recent history with an abundance of local energy supplies in the shape of home-produced coal, oil, gas and electricity.

The nature of the problem they are facing, however, and the way they are being urged to tackle it is not exactly new. As long ago as 1954 Sir William Hawthorne, now chairman of the Advisory Council on Energy and one of the main speakers at to-day's conference, came to the following conclusion: "We may sume up the probable trends of supply and demand by saying that, even when allowance is made for a steady improvement in efficiency, supplies are not likely to increase rapidly enough to meet the expected growth in industrial demand. This is Britain's fuel problem.

"The obvious solution to a problem of shortage is the more efficient use of one's resources. The fact that fuel is wasted by inefficient use almost everywhere has been repeatedly demonstrated. Industry is one of the worst offenders."

Some 25 years later many of the factors governing energy supply and demand have changed dramatically. A new fuel, natural gas, had emerged as a dominant factor in the UK's modern energy market and the development of North Sea oil is rapidly placing the country in the unusual position of being a net exporter of crude oil rather than an importer. The danger of course exists, however, that in such a situation consumers may be lulled into a false sense of security. Especially at a time when oil prices have actually been falling, it is easy to forget that the apparent glut of oil supplies has been induced as much as anything by the continuing economic recession. Yet even in stagnant economic conditions oil supplies are being used up at a far higher rate than new discoveries are being made.

It was a point stressed last week by Mr. Peter Walters, chairman of BP Chemicals, in a paper produced for the European Petrochemicals conference in Monte Carlo. "There is still a tendency to assume," he said, "against the current background of surplus, that our energy supply problems will recede or disappear—at least to beyond this century. I believe that such a judgment, which must be based largely on the assumption of massive increases in the Organisation of Petroleum Exporting Countries' oil supplies, is ill-founded. The increases in OPEC oil supplies that would be necessary to bring about this easier situation are based on highly optimistic technical and economic assessments and are not robust when viewed against the long-term aspirations of the major OPEC suppliers."

This is not to say that oil will run out by the end of the century. But we are facing the prospect that oil production may not be able to increase to meet increasing demand. By the year 2000 a substantial volume of oil will still be produced, but it may be at no more than today's production levels, which cannot cope with the economic growth of the next 22 years, however slow this turns out to be.

The danger above all for the UK is that the country will emerge from a comparatively short period of energy self-sufficiency in a competitively weaker industrial state than it has been in recent years. Most other major industrial nations will remain largely dependent on imported energy so the incentive to use such costly supplies efficiently will perhaps be greater than in the UK.

But UK energy consumers will still face rising energy costs. Fuel prices would continue to increase and possibly double by the end of the century in real terms, the Government warned earlier this year. "The good news about Britain's oil and coal reserves should not blind us to the likelihood that the world faces relentless increases in energy prices for the rest of the century," said Mr. Anthony Wedgwood Benn, the Energy Secretary. "It is impossible to adjust overnight to greatly increased energy prices. The introduction of efficient energy management systems and the investment needed to maximise the return takes time to organise."

British industry must keep pace with the energy efficiency of competing companies overseas, said Mr. Benn, which would feel under far greater compulsion to make more efficient use of their energy. Failure to ensure that the UK achieves economic growth combined with a lower growth of energy consumption, could mean in the long run that the country will be forced to accept a reduced rate of economic growth.

But the warnings are being heeded. The Energy Commission in its discussions have suggested that UK energy consumption by the end of the century could be 20 per cent below what it otherwise might have been without the energy conservation effort that is now being mounted. The lack of such an effort could add the annual equivalent of some 50m tonnes of coal to Britain's energy needs by the year 2000.

Today's second energy management conference is one of the signs that the lesson is being taken on board by the country's major fuel users. As many as 3,000 energy managers have now been appointed in their own right by UK companies, and the Department of Energy clearly hopes they will soon become as general a part of industrial life as safety officers or personnel managers. More than 40 energy managers groups have been established around the country.

They have a large target to aim at. Last year the bill for industry and commerces's spending on energy amounted to £5.8bn compared with £5.02bn in 1976. The iron and steel industries accounted for about £1bn worth of last year's total. It is estimated that there could be a 10 per cent rise in the amount spent by industry and commerce this year, although that may be tempered by the lower oil prices.

But how can the energy managers plan their future policies. They are required, for instance, when planning the location of a new factory and deciding how it should be powered, to take decisions with an effective lifespan of 15 to 20 years. They have to decide between the four principal sources of power: coal, electricity, oil and gas. But according to Mr. Graham Pusey, general manager of National Utility Services, "The key question is invariably that of the comparative projected price increases between the four utilities over the lifespan of the plant which they are to serve; and this is where the manager is forced to work completely in the dark." He called recently for a firm lead from the Government on energy policy so that those with the task of planning new factories could make logical energy decisions.

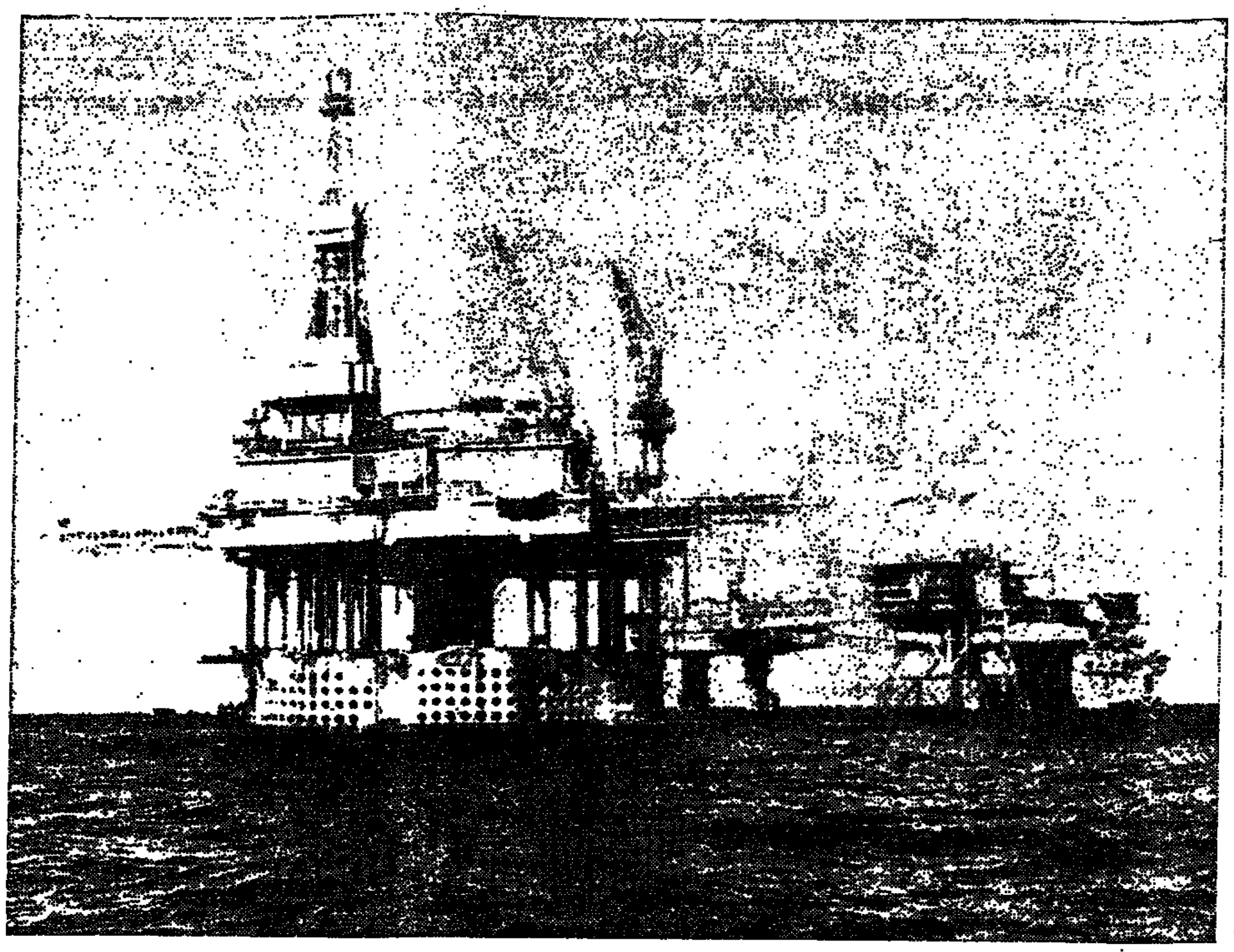
In the short-term the Cambridge Information and Research Services' quarterly bulletin on Energy for Industry and Commerce, which will be published later this month, suggests that for the rest of the year at least a buyers' market for industrial fuel will exist. Oil prices have fallen during 1978 and prices for heavy fuel oil have slipped by about 1p per therm. British Gas has continued its policy of relating its prices to the oil market so industrial gas consumers can also expect a more stable position in coming months. This could be interrupted, however, by the expected oil price rise from the OPEC countries in December. It is pretty clear that there will be a price rise of between 5 and 10 per cent says the report.

Oil and gas prices will continue to be linked to market conditions, whereas coal and electricity prices are governed chiefly by the general rate of inflation. Coal prices rose by 10 per cent in March this year and a further increase can be expected in March 1979. A similar 10 per cent rise over the year is expected in electricity prices.

But whatever the progression of fuel prices, energy is bound to remain an expensive commodity. Over the last 12 months there has been a marked shift in emphasis away from simple exhortations to save energy and towards the message that energy conservation is chiefly a way of improving the efficiency of energy use.

The Government has moved into far more positive action in promoting this message over the last year by adding an array of financial incentives to its earlier guidance and advice. At least half of the energy consumed in the UK goes into providing comfortable conditions and hot water in all kinds of buildings—factories, shops, offices, schools, hospitals and 20m homes. It is here that the Government is concentrating most of its £450m programme of public expenditure on energy conservation over the next four years by promoting better insulation, more efficient appliances and effective controls.

For some industries the message of energy efficiency is clearly not a new phenomenon. The chemicals industry, for example, increased its energy demands by 12 per cent between 1965 and 1975, but in the same period production grew by 56 per cent. This is the kind of action that is at the heart of Sir William Hawthorne's conclusions reached in 1954 and it was summed up earlier this year by Sir Denis Rooke, the chairman of British Gas. "Energy conservation is not simply about regulating production and saving fuel for the future. It is about using fuel efficiently—getting the same standard of comfort or the same industrial effect by burning less fuel and saving money into the bargain. If we can succeed in using energy more efficiently, we will not only conserve energy resources for the future, but also increase productivity now."



Frigg, the largest gas field yet developed in the North Sea.

Fierce competition for suppliers

ALL FOUR OF the supply industries are intimately involved in the task of explaining energy conservation to industry, commerce and the domestic consumer. But it is also true that the message inevitably has a close involvement with the marketing strategy of each individual supply industry and none of them miss the opportunity of pushing the values of their own particular fuel at the same time that they are highlighting the virtues of energy conservation.

The fuel market is dominated by oil, which on a heat supplied basis accounted for 46 per cent of total energy consumption last year, compared with 25 per cent for gas, 16 per cent for coal and other solid fuels and 13 per cent for electricity. The largest amount of oil consumed is taken by transport in some form or another—48 per cent was burned in this way in 1977. But petroleum is also the leading supplier to industry, with 38 per cent of that market. The shares taken by oil in the various market sectors has remained fairly steady over the past 19 years. It is meeting stiff competition from gas in premium markets but it has managed to hold on to its position, unlike its other two rivals coal and electricity, which have both fallen back in the face of aggressive marketing by British Gas.

Market

Gas is now taking about 28 per cent of the industrial market—compared with only 4 per cent in 1966—and in the domestic market it has established itself firmly as the market leader with 44 per cent in 1977 compared with 27 per cent for solid fuel, 19 per cent for electricity and 10 per cent for oil. It has already taken the lion's share of growth in the UK fuel market in recent years, but it still faces a continuing hard marketing effort into the early 1980s if it is to find extra customers to take the rapid build-up of new supplies that will be coming from the northern North Sea fields, chiefly Frigg and Brent.

The increasing production from Frigg, the largest gas field yet developed in such hostile waters as the northern North Sea, will boost Britain's gas supplies by more than a third and will meet over five per cent of primary energy requirements. It first began production just over a year ago from the UK sector of the field and supplies are now starting to build up from the larger Norwegian portion of the field. It represents a new source of supply at a time when production from some of the southern gas fields is passing its peak.

But the emergence of British Gas as a major force in the UK energy market has not been without controversy. The rift between the various nationalised supply industries has come into the open this year with the gas industry facing a concerted assault over the issue of fuel pricing from both the coal and electricity industries. They see their market shares shrinking at a time when they can do little to halt their increasing lack of competitiveness on prices.

According to Sir Francis Tombs, chairman of the Electricity Council, gas should be priced at a level which takes into account the cost of its future replacement by other fuels. Otherwise it will damage the long-term markets for coal and electricity. British Gas' present pricing policy is creating "a precipice problem of substitution for depleted reserves of gas at the end of the century," he says.

The electricity industry maintained earlier this year that the cost of producing gas is about 1.9p per therm while the cost of producing electricity is nearer 8p per therm. The Gas Corporation not surrisingly takes issue with these figures, however. It claims that the average price of gas delivered to its terminals, which includes transmission costs is higher, and, it says the price is rising. It is possible the average price will be nearer 6p a therm in three years' time as supplies from Frigg build up.

However this dispute is finally resolved, it is clear that at least in the industrial sector British Gas will continue to relate the level of contract prices to that of oil. And oil prices must rise. According to the latest bulletin on Energy for Industry and Commerce to be published by Cambridge Information and Research Services later this month, 1979 is unlikely to prove such a good year for the fuel buyer as 1978.

An increase in demand for oil products will almost certainly lead to higher prices, it says. And a price increase from the Organisation of Petroleum Exporting Countries, who meet in December, is most widely expected and could be somewhere between 5 and 10 per cent. This will be the first OPEC increase since the summer of 1977 when Saudi Arabia and the United Arab Emirates raised prices by 5 per cent to bring them in line with other OPEC members.

Whatever the scale of increase, says CIRS, it is likely to be passed direct to the industrial and commercial fuel consumer in Britain. The oil companies presently have little room to accommodate any increase within their already depressed trading margins.

During 1978 fuel distributors have indulged in price cutting in order primarily to hold on to market shares. But next year as industrial production begins to move ahead again, increasing demand could make this un necessary.

Coal and electricity prices will be much influenced by the mineworkers wage agreement. With the National Union of Mineworkers firmly in opposition to any Government suggestions of a 5 per cent pay threshold, there seems to be little prospect of price rises falling behind the general level of inflation.

Unlike the market related prices of oil and gas, coal and electricity prices remain much more tied to the broad inflation level. In contrast to oil prices which have actually fallen during the year, coal prices rose by 10 per cent in March 1978 and a further increase can be expected in March 1979. Electricity tariffs were also altered in the spring and a 10 per cen rise is expected over the year.

The future for coal as a major source of energy lies more in the long-term. The Plan For Coal agreed between Government, Unions and the National Coal Board in 1974 provides for greatly increased investment in the industry in order to allow it to develop multi-millio pound projects like the Selb and the Belvoir collieries, bot to cost in excess of £500m.

Its problem lies in keepin alive the old markets during th medium term, so that the indu try will be on a sufficienl secure footing when it is calle on, at around the turn of th century, to start replacing o and natural gas with cla derived fuels.

None of its present marke look particularly buoyant. Co is still the major fuel for th electricity supply industry which takes about 60 per ce of the NCB's annual output o around 120m tonnes. The secon largest customer is also indu trial, the iron and steel indu try, which burns coal in th form of coke. It presently tak in the region of 14m tonnes year from the NCB. But th steel industry is in deep rece sion and the electricity suppl industry is losing market sha to the gas and oil industries, it has to increase prices in lin with coal price rises.

Problem

In the past year the ar electricity boards saw sales electricity increase by only per cent during a period wh there was at times up to 30 p cent excess generating capacit As this capacity is added to th building programme will pro ably be exclusively aimed new nuclear or coal-fir stations. There is little prospe of further investment in o fired generating capacity.

Nuclear electricity will be th cheapest form of generation the future programme, even th most efficient coal-fired statio of 2,000 MW capacity will on be able to achieve a midd ranking in the hierarchy power station efficiency. B among other reasons, the ne to provide for increasing co outlets will ensure that co powered stations play a big ro in future construction plans.

Kevin Do

The British Gas terminal at St Fergus which serve... Frigg field.

Consumers regain the initiative

OVER THE past 18 months energy consumers have been able to regain some of the initiative from fuel suppliers for the first time since the energy crisis of 1973-74. The energy supply market has become fiercely competitive not only because of the temporary glut of oil supplies, but also because of the need of the oil, electricity and coal industries to combat the growing share of sales that is being taken by gas.

Industry accounted for about 39 per cent of all energy consumed in the UK last year on a heat-supplied basis. The demand from iron and steel alone amounted to some 8 per cent. Industrial and commercial consumers are gaining some greater temporary bargaining power in negotiating large contracts especially with the oil companies as the number of rebates on offer has steadily increased. But despite this short-term trend interest in energy conservation and the more efficient use of energy has still grown markedly in the business sector.

New techniques and equipment to boost energy saving are now coming on to the market. The scale of savings that can be made by industry have been well illustrated by the Gas Energy Management awards which will be made for the third time later this year. Industry would cut its fuel bill by £270m a year if it achieved only half the level of savings affected by the 18 finalist companies last year.

Much of the Government's own financial contribution to encouraging more efficient energy use has concentrated on buildings, in improving insulation, appliances and controls. But earlier this year the Department of Industry announced grants totalling £25m over the next two years for manufacturing industry to encourage greater investment in energy saving.

Insulation

It is essentially a short-term measure and is aimed at encouraging companies to replace or modernise boiler plant, improve insulation and either improve or replace combined heat and power systems. Mr. Eric Varley, the Industry Secretary, said that such short-term measures that were available to industry through the use of existing technology could save the equivalent of 5.5m tonnes of oil a year corresponding to an annual cost-saving of £370m. The capital investment required for such a saving according to the Department would be about £560m, giving an average pay-back period of 1½ years.

The Department's scheme, though much less ambitious than those launched by the Department of Energy earlier in the year—to improve insulation in council and private housing and public buildings—can help industry in a number of ways. It offers 25 per cent grants for replacement and modernisation of boiler plant, 24 per cent grants for insulation of premises, capital grants for the replacement and modernisation of combined heat and power systems and 50 per cent grants for associated consultancy work.

The biggest energy consumer by far in manufacturing industry is the iron and steel sector with about 24 per cent of the total. It is followed by engineering with 18 to 19 per cent, chemicals with 14.8 per cent, food drink and tobacco with 8 to 9 per cent and paper and printing with about 6 per cent.

The energy put into each tonne of iron or steel is the most important factor governing the acceptability of that metal for industrial use. If energy costs become too high alternatives will have to be found. For this reason every steelmaker in the world has been stepping up the search for energy savings in the production process during the last few years as energy costs have soared. As a result energy saving has already become one of the most significant areas in which steelmakers have been able to improve productivity.

However, in the past three years another factor has emerged to complicate this satisfactory picture. The big international steel industries have been in serious recession, which means that they have been producing at only a fraction of their normal outputs. As production falls, efficiency and especially energy efficiency also drops.

As far as the British steel industry is concerned this means that whatever the endeavours of the scientists and engineers to improve processes, the plants themselves will be wasting energy at a prodigal rate because they are not working at their optimum capacity.

British Steel has been trying to cut its fuel bills this year by concentrating available orders for steel upon a small number of the more efficient plants. This means for instance that the Llanwern sheet works in South Wales has been given more work so that it can roll at a rate of 2.5m tonnes a year. At the same time older works have been put on a care and maintenance basis by closing blast furnaces and steel furnaces.

Of its total energy wage British Steel takes about 68 per cent coal, 22 per cent oil, 5 per cent natural gas and 5 per cent electricity. Being such a large consumer of coal, the steel industry's recession has hit coal sales fairly hard and has led to the closure of some of the National Coal Board's coke capacity.

The principal energy savings in bulk steel making in recent years have come from the use of high quality foreign ores, which enable more iron to be produced for each tonne of coal turned into coke at the blast furnace coking ovens. Several other measures have been introduced, but the most immediate help for energy conservation would come from a pick up in the steel market. If plants are worked nearer full capacity they can achieve something like a 10 per cent energy saving overnight per tonne of iron or steel manufactured compared with the performance at lower working levels.

Recession

The recession in world markets took longer to affect some other industry sectors, such as chemicals, but eventually it too has had to face a situation of serious surplus capacity and low working levels. But the industry has already been working for some years to cut its energy bill. Even before the energy crisis it was taking important measures to ensure that its output was growing faster than its energy consumption. Between 1965 and 1975 it cut its energy needs by 28 per cent per unit of product.

Energy conservation is now accepted practice by the large- and medium-sized companies, but there is concern in the industry that smaller companies have not yet realised the potential for savings that exist. Energy bills have been cut by a variety of methods. In the short-term the industry has improved its record of "good housekeeping" in terms of better maintenance and quicker repair of faulty equipment.

But the biggest gains are to be made from more radical changes. Existing processes have been modified and plant and equipment has been adapted with energy conservation made a top priority. For the long-term the industry is researching entirely new processes and gradually introducing less energy-intensive products.

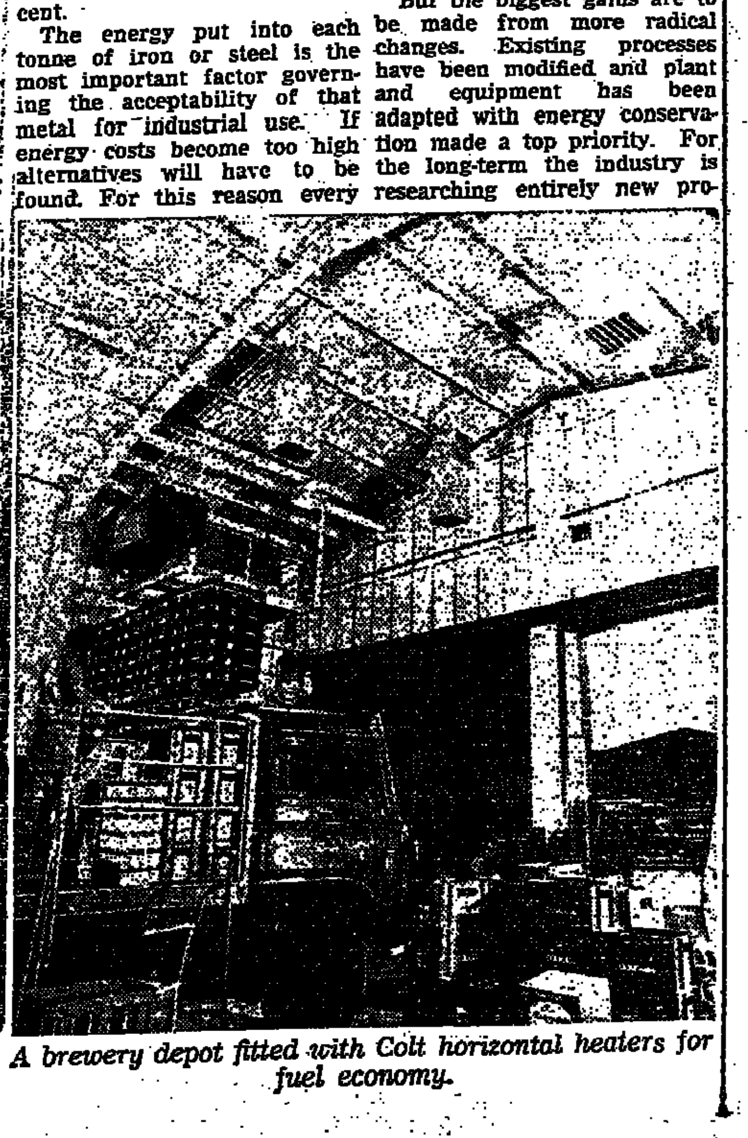
But because of the length of time that it has been aware of energy management, the UK chemical industry has perhaps already made the easy savings. Over the ten years from 1976 to 1986 the Chemical Industry Association forecasts that energy savings per unit of product will amount to only about 7 or 8 per cent. Energy consumption—8 per cent of all the oil consumed in Western Europe is taken as petrochemical feedstocks — is expected to grow at about 1 per cent less than the growth of output from 1976 to 1981 and about half a per cent less from 1982 to 1986.

In some other major fuel markets, such as transport, it has taken perhaps longer to face up to the most serious implications of the energy crisis. As far as the motor industry is concerned, for instance, petrol prices today are about the same in real terms, as they were in 1973. All the same, the long-term pressures towards better fuel economy are having their effects. The changes are seen at their most dramatic in the U.S., where every car range is being remodelled to create lighter and more efficient vehicles.

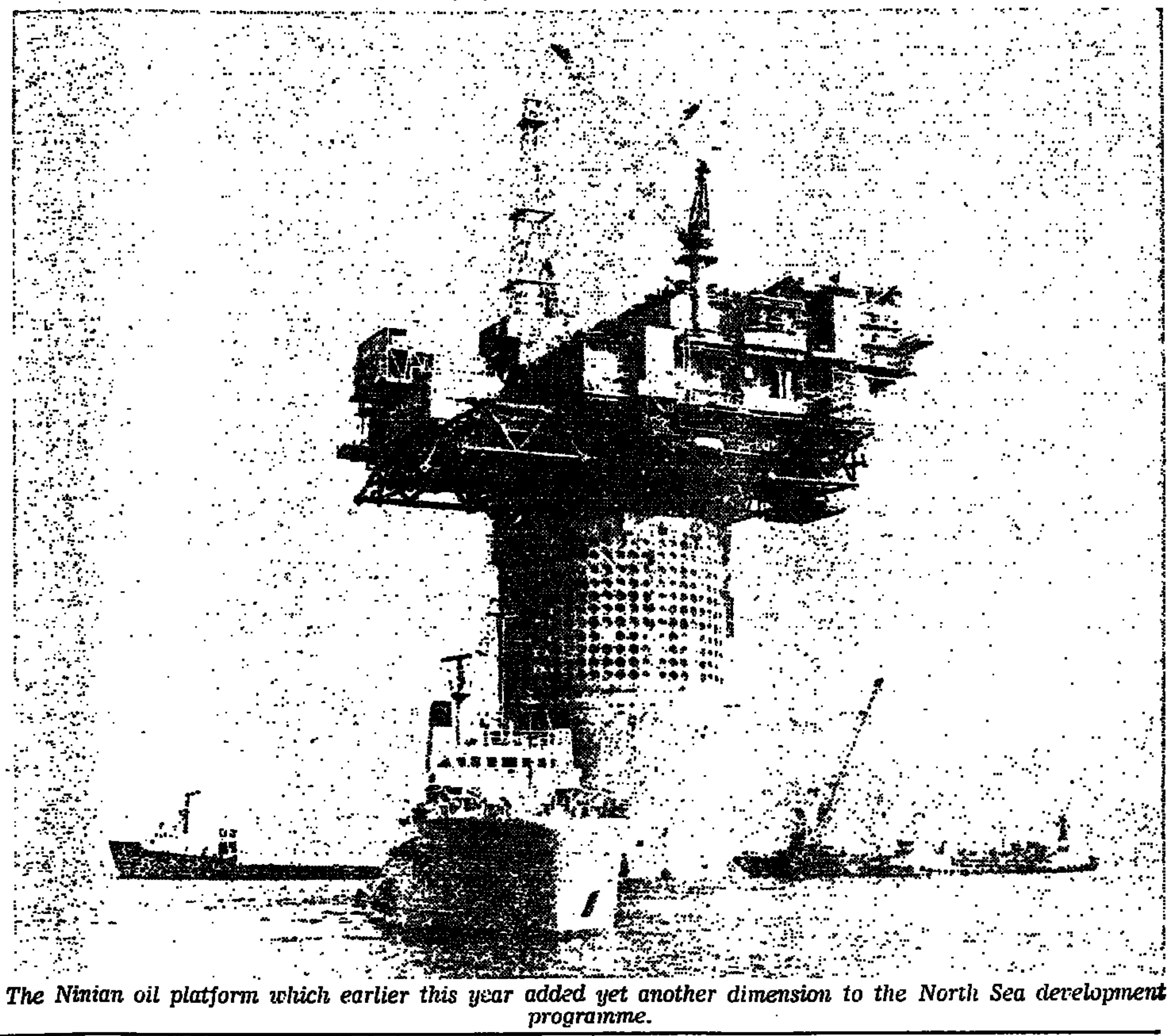
But whatever the market sector there are usually major gains to be made in efficiency and productivity if the lessons of energy management are taken on board.

The winning company in last year's Gas Energy Management Awards was Vauxhall Motors. It has embarked on an energy-saving programme that will eventually save more than 500,000 therms a year. Of the overall saving some 80 per cent will be achieved by low-cost plant modification with a payback period of less than six months. For the rest the payback period will be about one year. This is precisely the sort of performance that could be repeated throughout industry and commerce, the Government and supply industries argue, if sufficient management resources are committed to the problem.

Kevin Done



A brewery depot fitted with Colt horizontal heaters for fuel economy.



The Ninian oil platform which earlier this year added yet another dimension to the North Sea development programme.

Conservation campaign

THE TOTAL energy bill for the UK is currently running at £16bn a year but great efforts are being made by the Government and other agencies to persuade industrial and domestic consumers to cut this figure by at least 10 per cent.

Mr. Anthony Wedgwood Benn, the Energy Secretary, believes minimum energy savings of 10 per cent are certainly well within the grasp of industry, which today accounts for about 40 per cent of all the energy used in Britain. And to date, industry is responding better to conservation campaigns than domestic energy consumers.

The Government has allocated £450m to be spent on energy conservation schemes over the next four years as part of a 10-year programme. The money is being spent on a wide variety of projects ranging from advertising and general exhortation to grants and tax allowances. The Department of Energy believes the campaign is having a moderate though far from startling degree of success. On the other hand, it was only fully launched nine months ago, so it is early days to make a proper assessment.

Perhaps it is because domestic energy users have responded rather unenthusiastically to the conservation campaign that the Government has just brought in the Homes Insulation Act. This enables private householders to apply to their local authorities for grants of up to 66 per cent—or a maximum of £50—for insulating their lofts, tanks and pipes. The scheme has only been in operation for a matter of weeks but officials say the reaction so far has been most favourable.

A similar type of project has been set up in the public sector. The Government is making £114m available to local authorities so that they can borrow the money needed to insulate the 2m council houses which fall below basic standards in this respect.

Industrial concerns usually have far greater opportunity for saving energy than domestic consumers but the Department of Energy says that in general the bigger companies have taken more interest in conservation than smaller ones. There are several reasons for this—the most obvious being that large companies have more to gain from cutting their energy bills, especially if they are heavy consumers.

Expense

Smaller businesses often seem to feel that the expense and time involved in making a real effort to reduce their use of energy is just not worth it. Staffing can be a major problem here. It is comparatively easy for a large concern to put someone in charge of the design and implementation of a conservative programme. Smaller companies, however willing they may be in principle, find it impossible to spare anyone from the job in hand.

Yet one of the most basic ways of saving energy is through improved housekeeping and this can be done by companies of all sizes. The Department, which includes a housekeeping checklist in some of the energy-savings booklets it has brought out, estimates that savings of up to 10 per cent can be made in this way alone. It urges works managers to watch out for such things as lighting and heating left on unnecessarily, machines left running when not in use, dripping hot water taps, inadequately lagged pipes, boiler linings in need of repair and steam leaks from valves, flanges or traps. The Department reckons that simply stopping steam leaking through a 3 mm diameter hole can save a company roughly £700 a year.

Once a company has taken basic steps like these to prevent waste, the next step is to see if its production machinery can be modified — or renewed — so as to give a more efficient use of energy. It is estimated that companies which instal new equipment with a view to conserving energy make an average saving of 30 per cent in their fuel or power bills. Sometimes, of course, the saving is far greater. This summer an energy conservation scheme was introduced by the Department of Industry which made it possible for organisations to receive grants covering up to 25 per cent of the cost of energy-saving measures. The scheme is aimed at those buying in new equipment or modifying existing plant — particularly in the area of heating. Over 10,000 inquiries were received by the Department within weeks of the grants being announced.

Companies are also eligible for 100 per cent tax allowances against the cost of insulating industrial buildings and in addition to this they can take advantage of the Government's demonstration projects scheme. A total of £21.5m has been made available under this scheme to help pay for conservation measures that can be examined and perhaps copied by other organisations. A company that is buying in a piece of heat-saving equipment, for example, can apply for a grant towards its cost on the grounds that others in the same industry might find it useful to see exactly what the new machinery can do in terms of conservation.

The size of the grants available under this scheme are open to negotiation and they can vary from £3,000 to £300,000. Companies that receive them are expected to allow their plants to be used for demonstration purposes. They are also expected to "pay back" the grant by handing over the savings they make on fuel and power bills as a result of the improvements they have made.

As well as large-scale grant schemes like these, the Department of Energy has set up a free "Quick Advice" service and it is also prepared to pay up to £75 towards the cost of a one-day visit by an energy consultant to a factory or office. In some cases the Department will contribute towards the cost of a much lengthier study by an energy consultant—it may pay up to 50 per cent depending on the circumstances.

Failure

Not all the projects set up by the Government have proved successful. For example, an energy saving loan scheme was introduced but has subsequently been dropped because of lack of customers. The reason for the failure was that the interest rates offered under the scheme were not really competitive and sometimes they were higher than those obtainable from banks and other, more conventional sources of finance.

Of course the Government is not running its energy saving schemes in splendid isolation. Numerous other bodies are running projects of their own. British Gas, for example, is carrying out research into conservation methods and it also runs what it calls a school for fuel management.

On a slightly different note, there are award schemes such as the Energy Management in Lighting Award Scheme run by the Lighting Industry Federation. The Federation points out that lighting consumes just over 4 per cent of the nation's primary fuels and it estimates that at least 50 per cent of all the electricity used for lighting goes into old-fashioned and highly inefficient tungsten lamps.

Sir Francis Tombs, chairman of the Electricity Council, said last month that the electricity supply industry's contribution to energy conservation would be to further increase the reliability of its generating units and to bring its advanced gas-cooled reactor nuclear stations into service as quickly as possible.

In the same speech, Sir Francis claimed that Britain was still a "prodigal" user of energy and he said people were being "slow" about such things as improving building insulation, applying heat recovery techniques and selecting the most energy-efficient industrial methods.

But on the whole Britain has some reason to be pleased about the results achieved by its conservation campaign so far. The International Energy Agency recently carried out a survey of a number of national energy saving schemes and in its final report the UK's projects were singled out for special praise.

Sue Cameron

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Control systems play their part

IT HAS been estimated that more than 40 per cent of Britain's energy is used for heating, cooling and ventilating domestic, industrial and commercial buildings and that, with the right kind of control equipment energy waste could be cut by up to half, saving more than £100m a year.

At the bottom of the scale, it is calculated that if a 15 kilowatt fan heater runs for one hour a day longer than necessary for 300 days a year, it consumes 4,500 kilowatts of electricity, a wastage of £90 at a cost of 2p a unit.

Energy saving controls now in use range from thermostats and time switches to sophisticated mini and micro computer-based systems which perform several functions involved in management of buildings and industrial plant.

One county education authority saved more than £1,200 by fitting new thermostats in schools at a cost of £88. The installation of a computer to check fuel use in the same county authority's buildings led to a 20 per cent saving on heating and lighting.

But although these and the more complicated automatic control systems have shown their effectiveness, they are still not sufficiently appreciated to satisfy the Government's energy conservation planners—or the manufacturers of such systems.

One of the most revolutionary automatic systems, however, is becoming more popular among energy managers. Based on optimum start control (OSC), it is designed for buildings which are occupied intermittently.

In OSC, optimisers have replaced time switches which used to turn heating systems on at a fixed hour irrespective of sudden variations in the outside temperatures. With OSC, if there is a mild night in a generally cold season, this will be registered by external sensors and the optimiser will assess the outer and inner temperatures and delay switching on until, say, 6 am instead of 2 am on a colder night, and still have the building warm enough for the start of the working day.

Tests by the Department of Environment with optimisers have shown that fuel savings average 25 per cent in systems already equipped with automatic controls. The Property Services Agency, which administers Government-owned buildings, has been cutting more than £20m a year from its fuel bill through installation of OSC systems. As a result, the agency hopes to reduce energy use by 30 per cent a year over a five-year period.

OSC can be installed either on its own or with a power demand system within a larger building management system. Equipment from Honeywell, Satchwell Control Systems and Landis and Gyr is well known in this context.

Mr. Charles Ryder, head of conservation technology at the Energy Department, has said that at one industrial installation, containing four different heating zones, OSC gave estimated savings of from 33 per cent to 62 per cent.

Although the Satchwell optimiser is conceived as an addition to day-time control systems it can also govern comfort control of a building during working hours with a built-in "weather compensator." Savings can be significant, since a temperature rise of only two degrees C can boost fuel consumption by ... per cent during heating periods.

Department of Environment tests on an optimiser in offices in South London and Surrey showed savings of 22 per cent and 32 per cent without any loss of comfort to the occupants. OSC systems can control not only temperature, through weather compensation, but operation of lifts and security apparatus, with additional power savings. For hot water storage, Satchwell claims savings of up to 50 per cent, depending on the system which is being replaced.

Other devices are specially designed for control of warm air systems and air conditioning. These combine a master detector, which reacts to a temperature drop by supplying more heat to an area, and secondary detector to preve

CONTINUED ON NEXT PAGE

Growing use of insulation

THE PROBLEM with energy conservation is not in providing people with the right materials but getting people to co-operate. Although there have been lively debates about whether to fill cavity walls—with plastic, rock fibres or not at all—and over the health hazards of asbestos—the main arguments today are less about materials than public awareness and standards.

Conservationists, including insulation manufacturers, fear that after the rude awakening of the 1974 oil price explosion, the public may go back to sleep dreaming of North Sea oil. In so doing, the public are merely postponing another rude awakening, since many new buildings being built today should still be standing when North Sea supplies start to run out. Hence the need to insulate them according to rigorous new standards.

While conceding that the Government is moving in the right direction with its grants and its "Save It" campaign, leading insulation manufacturers continually press for increased widths of insulation to be laid down in building regulations. They feel that while the Department of Energy is on their side, the Department of the Environment is being too cautious.

The industry's other theme is the need for grants for insulating walls as well as roofs. A step in this direction was the latest Energy Conservation Scheme to industry, offering 25 per cent grants towards the installation cost of insulation. But this has yet to happen in the domestic housing field. Meanwhile, the manufacturers' immediate reasons are at least as coherent as their long-term arguments—they have a 30 per cent excess capacity.

A director of one of the main insulation makers has said that it would almost be better for the Government to encourage insulation of walls rather than roofs and to adjust its incentive schemes accordingly. This is hardly likely to happen, so a review of insulating materials might as well begin at the top—on the roof.

According to Eurisol-UK, the Association of British Manufacturers of Mineral Insulating Fibres, there are 9.48m sq metres of industrial roofing in the UK and the heat loss of factories could be cut by 40 per cent—or 31,000-40,000 tonnes of oil—by lining them with roof insulation 55mm (2 inches) thick.

Materials which could help bring this about are produced by the three large companies who make up Eurisol-UK. They are Fibreglass, part of the Pilkington Group; Cape Insulation, part of Cape Industries; and Newalls Insulation Company, a subsidiary of Turner and Newall. Between them, they produce fibres from glass, rock and chemicals for industrial and domestic insulation.

Roofing

Fibreglass offer various materials, singly or in combination, depending on the construction of the roof. For flat roofs, of timber, metal or concrete, there are Roof Boards, stable, rigid sections which can be bedded in bitumen; Fibreglass's easily handled Crown 75, can also be used on roofs.

Glass fibre roofing is also available from Newall Insulation, marketed as buiding liner in its versatile Envoy range, which also includes ceiling panels.

Cape, which does not use glass fibre, has developed Supalux insulating boards, one of its many non-combustible alternatives for Asbestolux, formerly widely used in buildings as ceiling panels.

Lightweight foam roofings are also on the market. A new roofing board introduced earlier this year consisted of a core of rigid phenolic insulation laminated on each side with glass fibre tissue. Called Ness Board, it is produced by Thomas Ness, a National Coal Board company.

Another attempt to cut heat loss through roofs is to spray foam on to ceilings, as in Crane Fruchauf Insulation's recent treatment of a London garage's 85,000 sq ft of ceiling with polyurethane.

The trend towards insulating new buildings as part of the construction process is reflected in the development of claddings for roofs and walls. Many are pre-assembled metal "sandwiches" with a foam filling. Cape now produces composite claddings in which all three elements are firmly bonded together.

Otherwise, wall insulation usually means injecting foam or fibres into cavity walls or lining the inside of single skin walls. Urea formaldehyde foam is a common insulant because, unlike many other foams, it is not a fire risk, and only chars and emits little smoke when in contact with flame.

Cape has been heavily involved with foam insulants following its acquisition of the business of ICI Insulation Services. Its product, aimed at institutional buildings as well as private housing, is called Ufoam Plus.

More insulating foams are continually being tested and developed. BP Chemicals recently formed a partnership with Lankro, a subsidiary of Diamond Shamrock, the U.S. chemicals, oil and gas conglomerate, to develop speciality foams.

Rentokil's recipe for cavity wall insulation is to pump in its Rockwool fibres, made from the hard volcanic rock Diabase. Rentokil says Rockwool is superior to foams, and says it will not cause dampness, but is "like putting a tea cosy round a building"

This description applies even more graphically to the practice of lagging cavity walls while they are being built. This is done with slabs of glass fibre laid between the inner and outer leaves of the wall.

Inner lining of factory walls is often an integral part of lining the ceiling. For walls, Eurisol-UK recommends 75 mm (3 inches) of mineral fibre insulation in lightweight cladded walls. For the 6.60m square metres of industrial wall area in Britain that would produce an annual energy saving of 16,200 tonnes of oil, almost half as much as could be saved by following the organisation's recommendations for roofing.

It is when one turns to insulation of pipework that materials become much more varied in shape and texture, and as one approaches the source of industrial heat the potential for saving energy rises. One calculation is that 100 metres of uninsulated 100 mm-bore steam pipe, operating continuously at 200 degrees Centigrade, loses 19,700 gallons of fuel oil a year.

Up to this temperature, there is no shortage of insulating materials. But above this the range narrows, especially for temperatures of more than 700 degrees Centigrade.

Calcium silicate, used for blocks or preformed pipe sections, used to be reinforced with asbestos fibre, but now it contains other fibres. The main suppliers of calcium silicate — Newalls Insulation, the Chemical and Insulating Company, Darlington, and Cape Insulation—point out that their materials are free of asbestos.

Ceramic fibres, which have also replaced asbestos, have the added advantage that they withstand much higher temperatures. The leading UK suppliers of ceramic fibres are Cape Insulation, Morganite Ceramic Fibres and Carborundum Company.

Of course, furnaces and boilers require insulation as fire proofing, and not merely for energy conservation. But energy saving can also be effected by the addition of more layers of insulating brick and of calcium silicate and rock fibre to existing furnace walls.

Meanwhile, there is scope for new concepts of insulation as well as the materials with which to do it. They range from the plastic curtain in a Lancashire open-plan factory, which saved more than 50,000 gallons of fuel oil last year, to the so-called Allplas system, in which polypropylene balls float like soup croûtons on the surface of hot liquids to cut down heat and condensation loss. Since conservation is the mother of invention, many more bright ideas will emerge in the years to come.

Maurice Samuelson

Foam being injected into small pre-drilled holes during cavity wall insulation.

Control

CONTINUED FROM PREVIOUS PAGE

over-correction of temperature.

Parallel with OSC, to control space heating, there are the power management systems, to monitor electrical demand and keep it below the maximum through shedding or cycling non-critical loads.

Fully automatic, the equipment is generally based on microprocessors and can switch between eight and 32 loads. A fully installed system costs between £10,000 and £20,000, with pay back periods usually between one and three years for buildings with a one megawatt installed load. Exceptional pay back periods of nine months have also been reported.

In fully air conditioned environments, power management systems can give a 10 per cent saving on fuel consumption, and 5 per cent without full air conditioning.

In volume terms, most power management systems are made in the U.S. But advanced systems, made in Europe by Satchwell Control Systems and Landis and Gyr, are regarded as equally advanced. According to "Energy Management," published by the Department of Energy, the power management system of Systemation, a small UK company, also compare well with those made in the U.S.

Both OSC and power management systems can be cost effective as local items in smaller buildings. But they can also form part of the more expensive and comprehensive building management systems.

These have evolved over the past 20 years and most of those made today are based on microcomputers. The purpose is to give one-man functional control over an entire building or complex of buildings.

They consist of a central control station or "data centre;" out-stations in plant rooms and other points; and the communication system linking the plant sensors to the data centre via the out-stations.

The operation of service plant and other facilities is monitored by the plant sensors and the information thus gathered is displayed at the data centre or elsewhere on video screens or printers. The data centre is also linked to fans, motors, starters, dampers, lighting, and other control points, which can be adjusted centrally.

In a large office block, other functions linked to a data centre can include fire safety, lift monitoring, emergency power supply, security, document handling and commercial services.

Systems can cost between £40,000 and £400,000, depending on complexity, and according to Chris Fielden of Abba Consultants, they can save up to 18 per cent. Most have been installed in office blocks but, with the bigger use of microcomputers, they are also being used in airports, hospitals and schools. Fielden cites savings of more than £17,000 in an office of 10,000 sq metres floor space, of which fuel savings were 71 per cent and manpower 25 per cent.

Of the 12 suppliers in the UK and EEC, six are of U.S. origin and six European. The only wholly British supplier is Satchwell Control Systems, a subsidiary of GEC, whose Autoscan supervisory systems—controlled by one experienced operator—can survey up to 10,000 control points in about 15 seconds.

Honeywell, ITT and Landis and Gyr also have British production facilities for sensors and control equipment.

At the large system end of the market, in which Johnson Controls specialises, systems based on minicomputers are mandatory. Elsewhere, though, the trend is towards microcomputers. The trend was started more than two years ago by Honeywell, which has delivered more than 500 of its Delta 1000 systems worldwide. Pay back on large sites can be between nine and 18 months, Honeywell claims.

An impressive application of Honeywell's Delta 1000 is at Vauxhall Motors' truck factory at Dunstable, Bedfordshire, which has a floor space of 2½m sq ft. Vauxhall hopes to save £145,000 in energy on a capital cost of £130,000—a payback in 11 months. The system will control 300 separate pieces of equipment affecting office and factory heating, hot air curtains, paint ovens, battery chargers and lighting.

Buildings, or groups of buildings, which do not have their own central energy management systems can also be connected over the telephone lines to a Delta 1000 control centre, gaining a 15 to 30 per cent drop in energy consumption while sharing the cost with other users.

Maurice Samuelson

New breed of manager

THERE ARE thought to be at least 3,000 energy managers in the UK today—the first of a new breed whose status and responsibilities have yet to be clearly defined.

The basic task of an energy manager is to ensure the cheapest and most efficient use of power and fuel in company plants and offices But this somewhat vague job specification can be interpreted in a multitude of different ways. Some companies content themselves with telling the works manager that any suggestions he might have for cutting energy bills will be gratefully received: others appoint a senior person as a full-time energy manager with backing from the board to take any action necessary including modifying or even replacing expensive and wasteful machnery.

The Department of Energy insists that top-level support is essential if an energy manager is to make a success of his job. It stresses that this means giving energy managers the money—as well as the authority—to start research and monitoring programmes on energy use and to introduce energy-saving schemes. For the essence of effective energy management is the waging of a relentless and methodical war on all forms of waste.

Responsibility

The department says half-hearted and short-lived forays into the field of energy management are of little use though it adds that not all companies need to establish a full-time energy manager's post. Large concerns that are heavy users of energy invariably do appoint full-time people but it would be impractical for smaller organisations to do so. And the important thing is that energy management—even when done on a part time basis — should be taken seriously.

Some concerns give a member of staff responsibility for energy management for purely cosmetic reasons. It is an image boosting exercise—a way of paying lip service ot fashionable, energy-saving campaigns. Other companies appoint an energy manager in good faith but run out of enthusiasm after a matter of months. They feel they have made some savings and they can relax. At present this is one of the main problems facing energy managers and apathy is hard to fight especially if it affects everyone in an organisation from the managing director down.

The first action of most energy managers on appointment is to see if they can make any improvements in company housekeeping. They can check that factories and offices are not being overheated, that doors and windows are not being left open unnecessarily, that roof insulation is adequate, that production machinery is efficiently scheduled and short runs avoided wherever possible, that company vehicles are using the shortest routes for deliveries and that industrial furnaces and burners are being properly maintained so as to operate with minimum loss of heat.

The Department points out that attention to these details can save considerable amounts of money. Increasing the thickness of insulation on a 10,000 square foot roof from one inch to three inches can mean a reduction of up to 30 per cent in fuel consumption, for example. Changing the maximum pressure in an air compressor from 100 to 90 pounds per square inch cuts its power consumption by 5 per cent—another way of helping to reduce electricity bills.

Measures like these are straightforward enough and can be understood and applauded by everyone in a company from Board members to shop floor workers. For many energy managers the danger period comes after interest begins to flag. Even worse, people may start to see the energy manager's activities as something of a nuisance.

One energy manager, talking about the need for energy managers' discussion groups, suggested that a general lack of interest was one of the chief problems of the job: "Resounding success has not, so far, been the typical reward for the average energy manager who frequently has to accept demanding responsibilities as a part-time job and in an atmosphere of tolerance by his senior management, instead of active encouragement and support," he said.

Explanation

"Why should this be so? There appears to be only one honest explanation—that in far too many cases the energy manager holds his position in name only. He has been appointed for the sake of appearance in response to the Government's call to Save It: but once the initial enthusiasm has waned, the energy manager has, all too often, been relegated to the category of one more obstacle that has to be overcome in the process of getting the goods out of the door or educating the child or administering the bureaucratic machine.

"Working within such an environment it is easy to visualise how the energy manager's belief in himself and his objectives can be quickly eroded. When the great majority of one's colleagues are prepared to perpetuate a sanguine attitude towards life that says 'There will not be an energy shortage—something is bound to turn up,' it is only the energy manager's obstinacy which allows him to keep reality in focus so that he, too, is not tempted to join the ostrich club."

He went on to say that one of the chief benefits of the energy managers' groups that have now been set up all over the country is that they boost confidence and morale. They also provide a useful forum where ideas can be exchanged, where future energy trends can be considered with a view to advising corporate planners and where investment schemes can be discussed.

Deciding on investments in energy-saving is—or should be—one of the most important parts of an energy manager's job. Areas for investment can be wide-ranging: they include monitoring equipment, external surveys and research, major repairs and modifications to existing machinery and the introduction of new, more energy-efficient, plant.

The monitoring of the energy used by a company needs to be carried out alongside initial housekeeping improvements. An organisation that does not know exactly how much fuel and power it is using is badly placed to reduce consumption—a point that is stressed by the Department of Energy. The Department would like all companies to carry out regular energy audits and it has issued guidelines for energy managers on how this can be done. Sometimes, however, monitoring and energy auditing can be carried out efficiently only with the aid of, say, a metering system—and this costs money.

Some companies may find it valuable to call on external services to help them manage their energy consumption. Companies like National Utility Service, for example, analyse power and fuel bills for their clients and advise on ways of cutting them by changing to different tariffs, ensuring meters are correctly wired or simply by checking carefully for overcharging.

NUS, an American based concern, claims it saved its 3,000 UK clients some £6m last year.

Aerial thermal photography, which can pinpoint unnecessary heat loss from factory buildings, is another service which is available to help energy managers. One company that has used the service is Pilkington Brothers, the glass manufacturers. The infra-red aerial photographic survey, which has only recently become available commercially, cost Pilkington £3,500 but the company says this sum has already been recovered by stopping heat losses discovered as a result of the survey.

Outside services like these and, perhaps even more, the replacement of energy wasting machinery by new, more efficient plant, can lead to substantial savings in fuel and power bills. But energy managers have to convince senior company people that this is the case.

There is some evidence to suggest that many of them do not always present their demands for financial support effectively. Certainly this is something that is worrying the Department of Energy and it will be one of the things considered during group discussions at the national energy management conference which opens in Birmingham today.

Yet, despite the difficulties facing energy managers, their numbers are increasing each year and more and more of them are chalking up impressive reductions in energy consumption and therefore fuel bills. Perhaps this in itself will eventually bring about a change of attitude on the part of top executives in many companies so that energy management becomes a respected, integral part of every organisation's operations.

Sue Cameron

Heat recovery can pay dividends

HEAT RECOVERY systems have been on the market for years but until now the majority of industrial concerns in the UK have not seriously considered the opportunities they offer for saving energy and money.

Many manufacturing processes involve the use of heat and by the same token vast amounts of heat are lost or wasted each year. Yet in many cases investment in heat recovery equipment can show a handsome return in terms of fuel and power bills within a couple of years.

It is estimated that most heat recovery systems pay for themselves within a maximum of three years. The initial cost of the equipment varies considerably, depending on what type of system is being used and on its size. In general, prices range from as little as £3,000 up to about £30,000. On the other hand, savings in energy bills can be as high as £20,000 a year.

Most types of industry, from plastics producers to makers of paper and board, can take advantage of heat recovery systems but manufacturers have to ensure that their own plants meet certain broad criteria before deciding to invest. In the first place, the plant must give off a sufficient quantity of waste heat at a suitably high temperature to make heat recovery a feasible proposition.

There also has to be some way of using the recovered heat—either in the production process or as space heating—otherwise there is no point in reclaiming it. Another factor is that the place where the heat is recovered must not be too far away from the place where it is going to be re-used. This applies to time as well as physical distance although if, for example, a company wants to recover heat from its production process at night and use it to heat offices during the day, the problem can sometimes be overcome by the use of storage heaters.

Ideally heat recovery equipment should be built into a new factory or office block at the design stage but in practice most companies have to instal it in existing plant. There are a number of different systems on the market including heat pumps, thermal wheels, run-around coils, plateheat exchangers and heat pipes.

System

The simplest system is probably the run-around coil. This incorporates two heat exchangers, usually multi-row finned coils, one in the exhaust duct—the source of the waste heat—and the other in a supply duct. The two are connected by a pumped water or water and glycol—anti-freeze—circuit. The coil in the exhaust duct picks up and transfers heat to the circulating liquid which carries it on to the other coil. There the recovered heat is passed on to the cooler, incoming air.

The run-round coil system is most commonly used in office buildings. Its chief advantage is that it can be modified so as to recover and then re-circulate heat between places that are fairly far apart. On the other hand it can only recover between 30 and 50 per cent of the total waste heat available.

A heat pump works on the same principle as a refrigerator. It uses the same vapour compression cycle to extract heat from a low-temperature source and let it out at a higher temperature. A compressor—usually driven by an electric motor—increases the pressure and therefore the temperature of whatever working fluid is being used. The compressed vapour is then condensed in a heat exchanger which forces it to give up its latent heat either to air or water. It is then expanded through a valve to a lower temperature and pressure and it evaporates at this temperature in a heat exchanger, taking heat from the low temperature source. The vapour from the heat exchanger then enters the compressor and the cycle is complete.

Heat pumps have proved particularly useful in injection moulding and extrusion processes and for the surface drying of food. They are probably most efficient when their heating and cooling abilities can be used in combination.

Plate heat exchangers are made of a series of separate, parallel plates, joined together so as to form a series of thin passages. They can be used to extract heat from waste water as well as from various kinds of exhaust. What happens is that the hot exhaust gas or water is forced to flow through the system in one direction while the air or liquid that is going to be heated is made to flow in the opposite direction through the parallel passages. The cool air takes heat from the hot exhaust gases although the two sets of passages are kept entirely separate so there is no danger of contamination.

Plate heat exchangers can recover between 60 and 80 per cent of the waste heat available when operating with air or gases. A liquid-to-liquid system can recover up to 90 per cent of the available waste heat. Plate heat exchangers are being used to recover heat from boiler flue gases, dye effluents, desalination plants, caustic soda processing and whisky processing.

Another system is the thermal wheel which is basically used to transfer heat between air or gas streams. Half the wheel's diameter is in the exhaust duct and the other half is in the air supply duct. The wheel simply absorbs heat from the hot exhaust gases and then, as it moves round, transfers the heat to the cool, incoming air stream. A thermal wheel is capable of recovering up to 65 per cent of the waste heat available.

Heat pipes, which are usually made of copper, are sealed tubes which operate on the evaporation-condensation principle. When heat is applied to one end of a pipe, the working liquid inside it evaporates and the vapour flows to the cooler end where it condenses and gives up its heat. The liquid is then transferred back to the heated end of the pipe via a wick.

Heat pipes, which vary in length from a few inches to about 10 feet, are used to recover heat from foundry exhausts and from textile processes. They can also be used to supply heat to the inside of roasting meat and to preserve a uniform temperature within ovens.

A number of companies have installed heat recovery systems. Associated British Maltsters introduced a heat recovery scheme in their malt kilning operation and this not only saved the expense of replacing three existing kilns but also reduced the amount of gas used each year by the company by 500,000 therms.

Vale Board Mill in Sterlingshire has had a thermal wheel installed and it reckons it is saving about £20,000 a year on fuel and power bills as a result. The management is now thinking of investing further in heat recovery systems.

In April this year, the Electricity Council set up a travelling exhibition which shows five different methods of heat recovery and the benefits that can be obtained from each. The exhibition is now touring the country.

The Council says that many companies have been looking at heat recovery systems in the last few years although comparatively few have actually invested them. But it reckons that "the message is now beginning to get through" and it believes that in the next few years far more concerns will stop considering heat recovery as a long-term, low priority possibility and will actually start installing the necessary equipment.

Sue Cameron

Cottesloe

American Buffalo

by B. A. YOUNG

Anthony May and Dave King

David Mamet's fascinating play, which is back at the Cottesloe for another short run, contradicts what I have been saying lately about the new American writers. There is nothing overtly poetic about it at all; the two hours of conversation between three small-time Chicago crooks is hard and brutal, and the story of the set-up to rob a man of his coin collection which goes wrong because the intelligence of the participants is not enough to cope with it would barely fill an hour of *Z Cars*. Yet there is no doubt that this is a very good play indeed.

Beauty is truth, truth beauty; but there is more than the jagged demotic truth of this dialogue to give it the beauty that it unexpectedly possesses. Mr. Mamet plays with words as a musician plays with notes in a fugue; subtle relationships are constructed from the simplest, grubbiest phrases to chime and echo in a rough resonance that is almost poetry and yet is still convincing gangster chat.

The overall shape of the play, moreover, is most exactly calculated. It begins with the lightest of exchanges between Don the junk-shop dealer, who is setting up the job, and Bobby the boy who lends a hand in the shop (a glorious mass of rubbish assembled by Grant Hicks). Bobby, eager to play a modest part in the hit, is so stupid that he can't be trusted to do anything, especially as he always lies to cover his errors or, even worse, make things up to add interest to his routine reports.

With the arrival of a gun-happy hit-man, Teach, the feeling grows tenser, until ultimately it explodes in a climax of violence. The character of each of the three men is brought to its individual peak: Bobby reaches a peak of stupidity, Teach a peak of mindless violence, Don, faced with the collapse of the plan, calls in violence or anything else that is necessary to keep life from boiling over, yet remains calmly in charge. The performances by Anthony May (who replaces Michael Feast as Bobby), Jack Shepherd as Teach and Dave King as Don could not be better. The director is Bill Bryden.

Wigmore Hall

Sylvia Sass

by MAX LOPPERT

Sylvia Sass gave her first London recital on Sunday, partnered by another greatly talented Hungarian. It was an occasion, greeted as such by a full house. Miss Sass is, as her appearances at the Royal Opera House have already made clear, an uncommonly individual soprano. Her style is at once refined and dramatic; her voice, a limber, clean-lined instrument capable of needlepoint *pianissimi* and powerful, if at times blowtorch-burning climaxes, has a way of commanding and directing the attention. While there are questionable, even rather unsettling qualities in her performances, these, too, have the effect of fastening the ear with close attention on the creation and the progress of each note.

Schumann's *Frauenliebe und Leben* filled the first half. It was a performance unlike any other I have heard. Or, I should say, heard and seen: for there seemed to be a stance, a modulation of facial expression, a gesture to mirror every sentiment. The young girl of the Chamisso poems was played as a creature of high emotion that verged at times on pre-Raphaelite ornateness; and was sung by means of an elaborate range of vocal shades and nuances—in order to convey falters, trembles, an emotion at times too intense to bear, Miss Sass was prepared most of the time to sacrifice lyric flow and directness to her expressive arts.

By its own lights, it was a carefully composed interpretation of great accomplishment and originality (and one in which Mr. Schiff evidently believed wholeheartedly, for to its dreamy waywardness he sacrificed his natural crystalline firmness of manner). But it was a reading that left me thirsting for a less affected and tricksy, a solider voicing of the music—Miss Sass's loud and soft tones are so startlingly unlike in character—as to seem out of balance with each other—and for a keener, clearer delivery of the words (all through the programme, the German language was a mush of swallowed consonants and occluded vowels).

After the interval, Bartok's five Op. 16 songs to poems by Endre Ady (mostly still in the composer's *Bluebeard* vein, though less glowingly romantic) were an unusual choice. They were made little of by the singer, who exchanged her previous volatility of demeanour for the security of following the score, to which she addressed a fixed gaze. Some liquid lines were traced — the effect of its native language on the voice was especially beneficient in terms of verbal clarity — but the languishing side of Miss Sass's temperament tended to pinion the expression of the vocal line and it was left to Mr. Schiff to search out the atmosphere of the music. Four Liszt songs brought some of the most beautiful singing of the evening, even though doubts about the evenness of Miss Sass's scale were not yet allayed. It took an unaccompanied Hungarian folksong, as third encore, to show that her manner can embrace muscularity and simplicity as well as the application of finely studied effects.

St. John's Smith Square

Edith Mathis

by DAVID MURRAY

The new BBC Lunchtime Concert series began yesterday as auspiciously as could be, with the stalwart Martin Isepp accompanying Edith Mathis in a programme as neatly planned as the whole series itself. She sang familiar Mozart and Wolf, mildly *recherché* Schubert and very early, recently discovered Anton Webern. Still a disarmingly youthful and attractive figure, her fresh soprano is not the uncomplicated affair it first seemed: she can call upon a good, husky mezzo register, and there is a touch of pressure behind her top notes—exciting, not worrying. One begins to hear a little Jurinac in her. All of her Mozart songs were elegantly turned, but innocent simplicity is no longer the keynote.

With the Schubert group Miss Mathis's pleasant shot-silk quality came into its own. There were dark intimation in "Das Mädchen," and "Schwestergruss" was potently haunted; she sang the elaborate "Delphine," a theatre-song, as a full-blown *scena*. Webern's juvenile songs — the earliest written when he was 15 —made a fascinating group: their harmonic idiom is safely pre-Schoenberg, but they are made with extreme, conscious parsimony and their bare lines test the singer hard. The last, "Gefunden," seems indecisively shaped, but Miss Mathis delivered the rest with limpid poise and cool conviction.

Seven pieces from Wolf's *Italian Songbook* concluded the recital. After a melting "Auch kleine Dinge," with the piano part rendered sweetly transparent by Mr. Isepp, the singer put herself into Wolf's character-vignettes with great flair. There was crisp malice in "Du denkst mit einem Fädchen" and "Schweig einmal still," and comic bemusement in "Wie lange schon" (Isepp made the dire violinist a doggedly shrinking violet, to happy effect). They might have taken longer over "Wir haben beide," but its rapt mood was held. Miss Mathis sailed brightly through the preening self-congratulation of "Ich hab' in Penna" at the end: one wished frustratedly for lots of encores.

'Bedroom Farce' to play West End and Washington

The National Theatre production of Alan Ayckbourn's *Bedroom Farce* — which played continuously in the Lyttelton repertoire from March '77 until August '78 — is to transfer to the West End for a limited run of eleven weeks. It will be presented from November 7 (preview November 6) at the Prince of Wales Theatre.

The cast includes Michael Aldridge, Cheryl Campbell, Joan Hickson, Delia Lindsay, Susan Littler, Stephen Moore, Derek Newark, and Michael Stroud.

After the Prince of Wales season, the production moves to Toronto (four weeks from January 22), and Washington (five weeks from February 19), before going to New York for a Broadway season.

In the open—a William Pye retrospective

by WILLIAM PACKER

The public display of contemporary sculpture, whether in town or country, is not quite the revolutionary dream that some sculptors would like to persuade us it still remains: the Battersea shows made the point a generation ago, since confirmed by the work of many artists, in particular by the sustained achievement and generosity of Henry Moore.

At the lowest level, the polite twist of aluminium, or earnest lump of concrete, is now the commonplace of every shopping precinct in the land. But sculpture is as exacting an art and expensive a craft as ever, while the level of public support in this country, in the form of worthwhile and imaginative commissions, remains pathetically inadequate: it is a scandal that too often such items of public furniture come to us by courtesy not of the serious and talented sculptor, but of the sculptor manqué of the architect's office in the town hall.

We have produced wave after wave of truly distinguished sculptors in this century, yet so little is their work generally known that, when it apears, it does so to a chorus of ignorant popular abuse, and so it is that every new effort to put sculpture sympathetically and imaginatively before the public, away from the disciplines and inhibitions of the exhibition hall, is to be applauded.

These past few years have seen a remarkable spate of such projects, from single commissions on the smallest scale—John Maine's discreet and elegant bollard on a Portsmouth quay, for example—to the Jubilee extravaganza in Battersea Park, and Henry Moore's personal triumph this summer in Kensington Gardens.

Most encouraging of all, it seems that at last persistence is beginning to pay off; for certainly direct action in the form of actual vandalism has markedly decreased lately—it is, after all, not long since no sculptor was exactly keen to put his work anywhere within easy reach of an undergraduate, when the universities of York, East Anglia, Essex, Sussex and Warwick were worth avoiding for their participatory philistinism, when Barry Flanagan's contribution to the City Sculpture scheme was in fact dismembered, its parts scattered as trophies through the Junior Common Rooms of Cambridge.

Things are not quite so bad as that today. Local councillors may mutter into their provincial beards, and country journalists whip up a passing controversy, but the shows go on nevertheless, and usually with reasonable success. Battersea and Henry Moore apart, South Hill Park near Bracknell and Marble Hill at Twickenham have put on memorable exhibitions in the recent past; and only this summer an excellent group of work, for the most part by northern artists, was brought together at Tatton Park in Cheshire by the County Council and North West Arts.

But a show here and a show there, however so admirable, are not really enough: we have long needed permanent sites for regular exhibitions of work in the open air, and in the longer term to house and display a national collection. The demand at last has stimulated a significant response: in the highlands of Scotland Andrew Mylius appears to be making headway, albeit on a shoestring, with his Landmark Trust; and in London, too, the Regent's Park display, the initiative of a small group of enthusiasts, seems to have got itself well on the ground; and two other schemes, one private, one public, deserve particular notice.

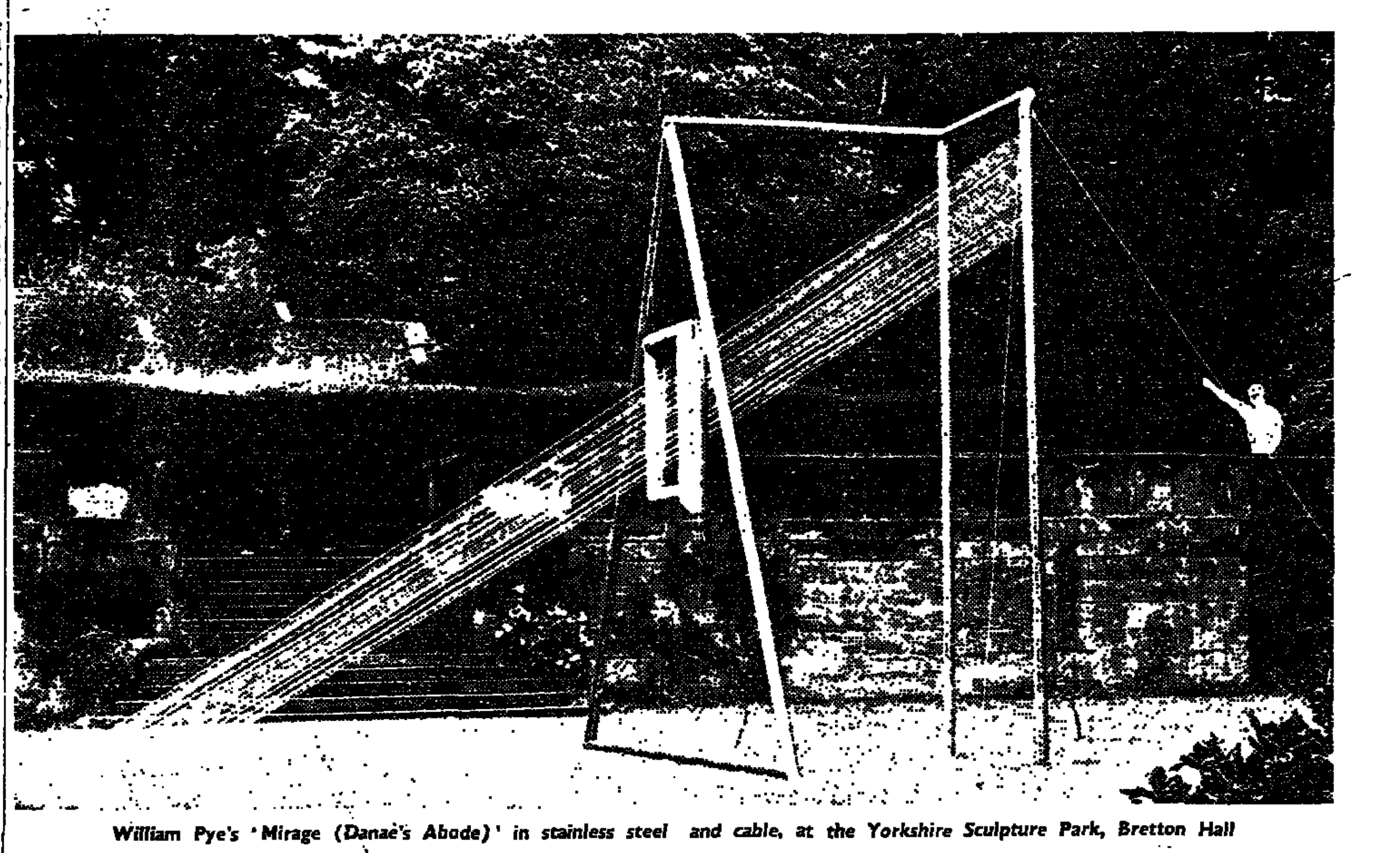
All dealers in sculpture, not to say the artists, face the combined and aggravated problem of storage and occasional, necessary display; and Alex Gregory-Hood of the Rowan Gallery has solved his with enviable simplicity. He has put works by his artists into the garden of his home, Loxley Hall near Stratford, and it is hard to imagine them shown off to better advantage. Wherever possible each piece is given a space to itself, to command in its own way: it may be among the trees in the orchard, in the rose garden or in a close court of high yew hedges; and there they sit, the Philip Kings especially impressive but Martin Naylor, Julian Hawkes and Garth Evans also most sympathetically disposed, to surprise and delight the visitor who comes upon them. I must emphasise that the Loxley sculpture gardens is private, but that application may be made to view it.

The other notable enterprise is in the old West Riding of Yorkshire, at Bretton Hall near Wakefield. The Hall is now a College of Further Education, and the local authority, much encouraged by Yorkshire Arts and the Arts Council, have lately decided to commit the grounds, with their lake, deer park and formal gardens and terraces, to use as a sculpture park. And already within a year of its opening, so intrigued are our artists by the scope it offers, that by gift and special accommodation an important collection is beginning to form. Money is very short, for there is no endowment, and local commerce and industry disgracefully unimaginative, or at least slow, in coming forward. Given sound sponsorship, there is no limit to what is possible at Bretton, the certainly a sculpture park not merely of national but of international importance.

A programme of one-man shows marches alongside the regular display, the latest, just opened, a retrospective of the work of William Pye. Pye is especially appropriate an artist to be given such an airing, for in his generation he has been conspicuous for his determination to work for public places and on a monumental scale. In so doing he has taken on repeatedly, indeed overcome, many problems, from the engineering and architectural constraints, that go with such ambitious undertakings, to the bye-laws as unsympathetic as the councillors who framed them. But the natural turnover of his work has been slow, keeping it somewhat out of the eye of the professional, inevitably gallery-oriented world, rather to one side of critical fashion and too easy to ignore. His show comes, therefore, as an impressive and most salutary shock.

Only eleven works are shown, set out with admirable discretion around the upper lawn and along the rather grand terrace that rises above it. Together they take us from 1963, when Pye was still at the Royal College, into the early seventies (his more recent larger works are either abroad or immovable). And, though they describe many superficial changes, the underlying continuity of preoccupation, the essential coherency of the work as a whole, is made very clear. We see the physical, explicitly visceral imagery of the early works modulating by degrees into the more cerebral sensuality of the later, but always related to and defined by an articulate and curiously hieratic open structure. The two early "Deities Enshrined," unshown for so many years and very happily restored, spell it out, the obvious forbears of the largest work of all, the "Mirage (Danae's Abode)" of 1971, that faces them across the grass. This is a beautiful show, a personal vindication for the artist; it remains on view until April 22 next year.

Entertainment Guide appears on Page 12



William Pye's 'Mirage (Danae's Abode)' in stainless steel and cable, at the Yorkshire Sculpture Park, Bretton Hall

Gimpel Fils/Rowan Gallery

Abstractions

by WILLIAM PACKER

These early weeks of the autumn session in the galleries have seen an unusual concentration of shows of abstract painting of considerable interest, one or two of them of real distinction. And they dwell, curiously, upon the work, various though it so evidently is, of a single generation of that bright young generation of not so long ago that is now unquestionably middle-aged. Bob Law and Alan Green may be left aside for the moment, and John Hoyland and Keith Milow, whose shows unfortunately are now closed, must await another opportunity: which leaves us with a debut and a reappearance.

Michael Mayer has shown his work before in mixed exhibitions and in the provinces, but his show at Gimpel Fils (until October 21) is his first to himself and the first on any substantial scale; and very impressive it is, though it demands time to assert its peculiar and subtle authority. The paintings do indeed seem disconcertingly simple at first sight, perhaps hardly more than a cheerfully superior exercise in pattern-making, a sequence of catchy grids disposed across the canvas; but once the eye is held, it is led gently into an Alicean world where the oddest things begin to happen.

The grids themselves seem clear and simple, but they take up a curious visual beat as the eye moves across them: for they move with and against each other in a formal, regular yet ever-surprising dance, and as one rhythm eases forward into dominance so it introduces another, which itself then comes forward by degrees to take the lead. Yet so subtly are these images proposed, especially in the more recent work, that no sooner do we feel we have established one in the mind, and understood it fully, than it slips almost out of comprehension. And the regularity that earlier we had so easily assumed is called to question, for as we try to fix upon what we supposed to be the system, so the irregularities, the inconsistencies and liberties float up to tease us.

A system is used, of course, but as in the best art of all kinds, in being used it is contradicted, even ignored. The paintings are not about a programme of grids and sequences at all, but about the recognition, expression, and orchestration of the strange energies and images, the new order that they generate. The classic temperament, we are told, takes pleasure in recognition, the romantic in surprise; but the common experience lies at some conjunction of the two; recognition is itself ever a surprise, discovery a kind of homecoming. Mayer's paintings are as surprising as they are convincing.

Paul Huxley is another artist who works apparently within a very narrow formal range: indeed until comparatively recently, for he has not shown for several years, it seemed his work was incorrigibly reductive, concerned merely with the nicest modulations of colour and the most fundamental geometry. His new paintings (at the Rowan Gallery until October 12) come, therefore, as a gentle shock. They are as flat and positively impersonal as ever in the handling, the images unremittingly hard-edged, and the colour is even further reduced, limited to black and blue and grey.

But it seems that Huxley has turned an important corner, turning back, though it might be only by a step or two, towards complexity in the work, and wider reference. Each canvas is square and the painted surface halved, the one side a tonal field flat to the picture-plane and carrying a simple linear mark or image, the other implying a deeper though still shallow space, the blocks of colour that make up the images also flat on, but more solid and internally complicated in their disposition. The reference is art-historical rather than remotely figurative, a nicely oblique comment upon later Cubism. A few doors are opening a crack or two, and it will be interesting to see which of them Huxley takes.

Devolution at the National

by ANTONY THORNCROFT

The National Theatre is to be divided into four parts—or rather four distinct companies of actors are to be formed working under four directors and servicing the three theatres in the institution. This was the main fresh approach announced yesterday by director Sir Peter Hall at the first press conference he has held since the National Theatre opened two and a half years ago.

There will be two companies operating at the Olivier Theatre one under the direction of William Gaskill, who was at the Old Vic many years ago and was subsequently successful at the Royal Court, with Joint Stock, and working abroad, and the other under Christopher Morahan, a former head of plays at BBC TV, and full time at the National since last year, concentrating on plays at the Lyttelton.

Morahan's place at the Lyttelton is taken by the other new recruit, Michael Rudman, who has produced a string of hits at the Hampstead Theatre. Finally Bill Bryden continues as director of the Cottesloe, the experimental small theatre of the National. The four directors will have freedom in deciding the plays they produce and the actors appearing in them, although they will co-ordinate with Peter Hall to avoid conflicts.

Sir Peter himself intends to set up an experimental group to take an original look at the classics but this is still some way off. An immediate advantage of the new system is that one of the companies servicing the Olivier will be available for touring, which was in the initial prospectus of the National but which failed to materialise for financial and technical reasons. A provincial tour of 12 to 16 weeks is on the cards if the Arts Council can produce some compensatory cash.

Like most developments at the National much depends on the financial situation. The current subsidy is £3.1m from the Arts Council and £400,000 from the GLC but there is no knowing what will happen at the end of this financial year in March. Sir Peter sees the only solution to the endemic financial troubles to be permanent help in meeting the running costs of the building, which are over £1m a year. The other long standing problem is the failure of the stage equipment to work—the flying system, the lifts, and the revolve of the Olivier are still not functioning.

As far as repertoire is concerned Sir Peter would like to present more foreign classics. The Olivier will continue to specialise in the classics; the Lyttelton in new plays; and the Cottesloe in experimental work. There will be opportunities for the four companies to move around the theatres: the basic aim of the devolution is to give the 110 actors at the National more sense of community and integration.

Along with the arrivals there is one major departure: Peter Stevens, the general administrator, is leaving in January. Gaskill and Rudman will not be joining the National until the middle of 1979 and Rudman's successor at Hampstead will be David Aukin, the administrator for the past three years.

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Pay policy outflanked

WHATEVER the size of the pay settlement which emerges in the end from the Ford dispute, the unions have already effectively turned the flank of the Government entrenched 5 per cent policy. Of course Mr. Callaghan may choose to counter-attack with sanctions, in the hope of frightening the next employer who finds himself an unpaid mercenary in the Government's battles into a stiffer resistance; but the hope seems a forlorn one. Few companies are so dependent on Government goodwill that they will sacrifice profitable business in order to dress up their wage settlements in the form the Government prefers.

Misled

The tragedy of the situation is that with obstinate courage, and the best of intentions, Mr. Callaghan has created a quite unnecessary inflationary danger. It is the Government which has presented itself as the sole force resisting higher pay. This has helped militant leaders to convince workers who have enjoyed an 8 per cent rise in real income that they have made sacrifices. The workers can thus be misled into thinking that if the Government is outfaced, large rises in real income can now be obtained out of thin air. If a high Ford settlement—not unexpected in a profitable and aggressively expanding company—now sets a new norm for claims, the Government emphasis on norms will be partly to blame.

What remains to be seen is whether the Government has left itself any useful line of retreat from what is becoming an increasingly untenable position. In its talks with the TUC over an alternative approach, Mr. Callaghan should be seeking not so much a revised set of numbers—a more inflationary norm—as some way of giving substance to the promises of realism and responsibility which the union leaders have been offering so freely. In this cause, he can call on some residual attachment to the hope of another Labour Government; but basically he must be concerned to show the unions where their own best interests lie. This means convincing them not that he is unyielding on pay policy, but on anti-inflationary fiscal and monetary policy. The hints from government circles that there is no British commitment to a European monetary system make a discouraging start; but the Prime Minister committed himself at Blackpool to firm policies, and he can point to their inevitable results.

The latest wholesale price figures show that despite a rise in manufacturing earnings of 16 per cent during the third stage of pay policy, output prices are still rising at an annual rate of only 7 per cent. This may be a somewhat flattering view of the longer trend, but basically a relatively low figure is credible because the stability of sterling in the exchange markets has both intensified competitive pressures on prices, and enabled the country to enjoy a large improvement in the terms of trade. The index of materials and fuel purchased by industry is still lower than a year ago.

Thanks to North Sea oil and the troubles of the dollar, there has been no need for official intervention or a European support pact to achieve stability for sterling: it has been achieved mainly by monetary policy, and the promise—or threat—to keep sterling strong is a credible one.

Monopoly

For the greater part of the private sector, the belief that the Government commitment to sterling is unyielding is the only sanction required to enforce realism. Unfortunately, however, there are large sectors of the economy immune from competitive pressures. These are the monopolies and near-monopolies. British Oxygen is unhappily an example in the private sector; most of the public sector falls into the same class. It is here that the British economy has long been most vulnerable to inflationary cost pressures. Neither this nor previous Governments have been prepared to tackle the problem of monopoly power head on. The 5 per cent policy and its predecessors have in effect ducked this issue.

If a Government defeat at Dagenham helps to concentrate attention on the real issues—stable money and the need to check monopoly power—then it is a blessing in disguise: but the disguise is at the moment an ugly and effective one.

Zambia faces up to reality

BY HIS decision to reopen the rail link with Rhodesia, for the import of fertiliser and the export of copper, President Kenneth Kaunda of Zambia has submitted to the inexorable pressure of economic reality. There have been many contributory factors in the sad plight of the Zambian economy. The decline in the world copper price, over which the Lusaka Government has no control, is one; the poor performance of Zambian agriculture is another. But the critical factor has been transport: the Benguela railway through Zaire and Angola has been crippled by guerrilla activity in Angola; the Tazara railway to Dar es Salaam is operating well below theoretical capacity as a result of mismanagement on the railway and congestion in the port. The Rhodesian railway system offered the only feasible method of getting the copper out and the fertiliser in.

Alleviate

The reopening of the rail link should substantially alleviate Zambia's position—in economic terms. If fertiliser can be got into the country in sufficient quantities over the next few weeks, before the rains come, the maize crop will be saved and the danger of a serious food shortage will be averted. If the copper starts moving out in substantial quantities, the inflow of foreign exchange will enable Zambia to move towards the conditions set out by the International Monetary Fund when it offered a $390m credit earlier this year. But it would be idle to pretend that the railway will solve Zambia's problems.

On the contrary, the chances are that the Lusaka government will face a difficult two years as it tries to put its economic house in order, and unless there is a sharp recovery in the world price for copper, the country will continue to endure the disadvantages of over-dependence on a single primary export.

It is much less easy to foresee the domestic political implications of the Government's *volte-face* on trade links with Rhodesia. If it looks like staving off economic disaster, it may buttress President Kaunda's popularity, which has fallen to a low ebb. In formal terms his position is safe, since he is the sole candidate to the forthcoming presidential elections; but it is a significant fact that the ruling United National Independence Party recently changed the rules so as to exclude any internal challenge, most notably from one of his long-standing rivals, Mr. Simon Kapwepwe. But the real test of President Kaunda's position may only come with the simultaneous election of a new Parliament, which could prove the forum for stronger opposition to his rule. The danger for President Kaunda is that the reopening of the rail link may have come too late to provide the maximum benefit for the maize crop; while Mr. Kapwepwe can claim that he has long advocated the reopening of the Rhodesian route.

In the wider political context of southern Africa, the decision is a major set-back for the so-called Front Line black African states — Zambia, Tanzania, Angola, Mozambique and Botswana—which have been trying to keep up the pressure on the Rhodesian regime. The psychological impact must be all the greater, in that it comes just at the moment when Mr. Smith is doing his best to project himself as a reasonable man before the American people.

But the key question is, what effect will the move have on the activities of the guerrillas led by Mr. Joshua Nkomo, most of whom are based in Zambia, at considerable cost to the Zambian economy. It is hard to see why the Salisbury government should have agreed to re-open the line without some quid pro quo on curbs on the Nkomo forces; yet in public Mr. Nkomo's attitude is still as belligerent as before.

President Kaunda professed to be shocked by the revelations of the Bingham Report. Now he in turn has been forced to break sanctions. Not even Mr. Smith, though, can suppose that this will offer more than a short reprieve for Rhodesia.

Slowing down the scramble to cheaper air fares

Waiting for the inaugural flight of Sir Freddie Laker's Skytrain. Queues for other "first-come first served" flights did the image of Sir Freddie's competitors no good.

BY MICHAEL DONNE, Aerospace Correspondent

THOSE AIR travellers who have deduced from the recent British Airways announcement of a cut in some European air fares from November 1 that there will be an early and dramatic repetition in Western Europe of what has happened on the North Atlantic this past summer must be reminded of the need for caution. For there are now signs throughout the air transport industry that the early enthusiasm about the cheap fares boom on the North Atlantic is turning to disenchantment. While many airlines recognise the need for extending fares cuts to Western Europe, they do not intend, if they can help it, to allow any repetition of the scramble that caused such confusion in transatlantic travel this past summer.

This attitude is exemplified by the UK Civil Aviation Authority's recent approval of increases of between 2 and 10 per cent in some British Airways Atlantic fares from November 1 (including Concorde and first-class fares, although normal economy rates remain unchanged), while BA is expected to seek further overall fares rises of about 5 per cent from next spring.

This air of caution is being generated by the Atlantic scheduled airlines' preliminary analyses of their financial results for the past summer—the first full summer of ultra-cheap Stand-By and Budget Plan fares introduced a year ago to combat the introduction of Sir Freddie Laker's £59 single Skytrain service to New York. While the detailed results have yet to be published, it is becoming clearer that the scheduled airlines do not like what they see, although Sir Freddie himself claims to have made a profit. In broad terms, transatlantic travel this summer has risen by about 20 per cent, with some airlines, like British Airways, experiencing a much bigger rise. But the overall revenue yield, diluted by the substantial number of cheap-fare travellers, is up by a much smaller amount (one estimate is that it is only about 5 per cent). Some airlines have done better than others. British Airways says it has made money, but does not say how much, whereas Trans World Airlines, which is the biggest of all the transatlantic airlines, says it has lost money. At the same time, while the fares for other classes of service—such as first and normal economy-class—have remained static, this past summer costs have continued to rise on both sides of the Atlantic.

It is because of this situation that some airlines, with British Airways and Trans World Airlines in the vanguard, have been openly talking about the need to raise the whole "plateau" of Atlantic fares, although preserving the differentials between the existing classes of service. At the same time, some of them have already begun to simplify the present fares structure, so as to make it not only easier to market and administer but also to discover more quickly just what the financial results from a given fare are at any time. So far, however, while the UK has approved some fares rises, the U.S. Civil Aeronautics Board has indicated to TWA that it is not prepared to consider higher fares at this time.

The airlines tend to feel that the dramatic moves towards

cheap fares on the Atlantic over the past year were dictated largely by governments—the U.S. Government in particular—reacting to consumerist pressures, without enough regard being paid to the underlying economics of the airline business. The airlines' particular target is Mr. Alfred Kahn, the economist who is chairman of the U.S. Civil Aeronautics Board, and with the support of President Carter, has made it plain on many occasions that his sympathies lie more with the passengers than with the airlines. He has relentlessly pursued a cheap fares policy. Mr. Kahn's position has been considerably strengthened by the apparent success that his policies have had so far inside the U.S. The big cuts in U.S. domestic air fares have not only boosted traffic there this summer to record levels, but also appear to have helped the airlines to achieve better financial results. What the Atlantic airlines are now tending to point out, privately if not publicly, is that the same policies may not have quite the same results on the North Atlantic.

In the UK, Mr. Kahn's policies have been paralleled by those of Sir Freddie Laker, whose cheap-fare Skytrain flights to New York which began in September last year obliged the scheduled airlines rapidly to follow suit with their own cheap Stand-By and Budget-Plan fares. The UK civil air transport "establishment," in the shape of British Airways, British Caledonian, the Department of Trade and the Civil Aviation Authority, recognise the need to cater for a much wider market with cheaper fares. But it still believes in the need for a more cautious approach, to try to avoid any "bonanza for the consumers leading to bankruptcy for the airlines." The "establishment" is likely, therefore, to want a more detailed study of what has happened this summer before committing itself to the next big step forward, which in the UK's case must be towards cheaper European fares.

This tendency to be cautious, however, does not imply that the major scheduled airlines want to revert to the original position and abolish cheap Atlantic Stand-By fares. They recognise that there is a big market for very cheap fares waiting to be tapped, and in order to accommodate this class of passenger they are already revising their patterns of in-flight service. British Airways, for example, is modifying some of its Boeing 747 Jumbo jets flying the Atlantic to include three cabins—First Class, Club Class (which will include all normal full-economy fare passengers), and Discount Class, which will cover all the various cheap-fare travellers, whether on Stand-By, Advanced Purchase Excursion or other promotional rates. This move is intended to eliminate the complaints of many full-economy fare travellers that they are being given the same treatment as passengers paying much lower rates. In BA's new Club Class, for example, from October 29, the passengers will get free drinks and in-flight entertainment, and eventually, it is hoped, a bigger and more spacious seat than that given to Discount Class travellers. The latter will get only the very basic type of service—a simple meal, and will have to pay for anything else they want, such as in-flight entertainment and drinks.

Several other airlines are also moving into this "three-class concept" of cabin service for different fares levels, although they call them by different names. TWA, for example, has announced its plans for First-Class, Full-Fare Coach (the original economy class) and Economy (for the ultra-cheap fare passengers), from October 15. In the latter, passengers will get a "no-frills" service that TWA expects will save it up to $19m (£9.8m) in the first year. Mr. Tom Fennessey, TWA's UK passenger sales manager, says that "the only way the airlines can continue to offer the very large discounts of the past year or so is by cutting frills and expenses, especially for those passengers enjoying the discounts. Only through the cost savings made possible by TWA's three-class programme will these low fares be able to continue."

The message from TWA is echoed by all the other Atlantic scheduled airlines. It is simply that if the ultra-cheap fares are to continue, they must be accompanied by lower standards of service. No longer can the ultra-cheap fare passenger be allowed to drain the profits earned from those paying higher rates, although the airlines will still carry those cheap-fare passengers, and indeed encourage them.

The problem they face is that although the UK CAA has approved the airlines' plans, the U.S. Civil Aeronautics Board may not be willing to accept them as they stand. It has already told TWA that by seeking to introduce its own scheme from October 15 it is treating unfairly those cheap-rate passengers who may have already booked (for example under Advanced Purchase Excursion tickets) expecting to get the same standards as higher-fare travellers. The CAB appears to want a much longer "transition period" from the present system to the new concept of cabin service, to give time for cheap-fare travellers to adjust to it.

One aspect of the ultra-cheap fares that is likely to become more apparent will be a much heavier emphasis in airline advertising on the fact that there can be no guarantees of seats for Stand-By travel. The airlines will offer so many seats aboard each aircraft in the "third-class" cabins, and will clearly seek to fill them with Advance Booking Charter passengers ready to decide well in advance when they wish to travel. For example, if the whole of BA's Discount Class

cabins are filled with ABC traffic, as they could well be, the Stand-By passengers will have to wait for another flight or try another airline.

The reason for this is that the airlines were severely criticised this summer for not making it clear to cheap-fare passengers that it was not possible to offer guaranteed seats, and that it was a question of first-come, first-served. The resulting queues in the rain in Central London did the airlines' image no good. They also led to some considerable heart-searching in the industry, and among the regulatory authorities in the Department of Trade and Civil Aviation Authority and other bodies such as the British Tourist Authority. So far, no one has produced suggestions for preventing a repetition of queues in the peak period next summer, and the problem will have to be studied this winter, and plans laid in advance to prevent or control what could otherwise become a regular and highly undesirable feature of the London scene. Some airline men believe that the damage caused by the worldwide reports of what was happening in London could cause a revulsion against ultra-cheap fares, and start a swing back to Advanced Booking Charters, where seats are guaranteed at a fare not much higher than Stand-By rates.

It is against the background of all these problems accompanying the cheap-fare revolution on the North Atlantic route that the current moves towards cheaper European fares must be viewed. Although there is no doubt in the minds of most airline executives that sooner or later European fares must be reduced, there is equally no doubt that they want that to happen in a much more controlled fashion. The moves announced recently by British Airways to cut by up to 40 per cent some fares to European destinations, such as Paris, Brussels, Amsterdam, Hamburg, Cologne and Munich, indicate the likely trend. All these new fares, while dramatic, in some way or another involve certain restrictions. They are either week-end rates, special off-peak fares, or Advance Purchase Excursion rates requiring booking 30 days in advance. They are not the sweeping cuts "across the board" that some consumer organisations such as the UK Airline Users' Committee have said they would like to see.

Indeed it is probably impossible for sweeping cuts of the Laker Skytrain or U.S. domestic nature to be achieved in the present airline climate in Western Europe. There is a much higher degree of airline protectionism in Europe even than on the North Atlantic routes. It stems from the existence of many different countries with government-supported, if not State-owned, airlines of varying degrees of financial stability and competitive power. Most of the airlines are also linked in bilateral "pooling pacts" on individual routes that split costs, revenues and profits on an agreed formula, and make it virtually impossible for outsiders to break in, even in some cases where the newcomers have their own government support.

It is possible that the bigge[st] stimulus to cheaper fares

Europe will emerge if and wh[en] the current efforts in re[vo]lutionise the fares-fixing methods of the International Air Transport Association succeed. These plans, drawn up [by] IATA because of growing con[sumer] pressures, have during the summer been progressively forced through the various decision-taking processes of the association, in the face of some opposition. They have now finally gone to governments for approval. The plans envisage the airlines being allowed, if they wish, to opt out of the hitherto somewhat rigid fare-fixing conferences of the association, thereby gaining great freedom to negotiate international fares on a bilateral basis, subject to the approval of the governments at each end of the route in question.

Whether all the Governments of all the 100-plus airlines in the association will accept these far-reaching ideas remains to be seen. There seems little doubt that they will be acceptable to the UK and U.S., and to some other European governments. But it is ultimately in the interests of all governments to agree to what the IATA is proposing. By doing so they will be ensuring a continued direct role for both the airlines and themselves in the fare-fixing process, with the possibility of introducing a greater degree of competition than ever before. Even if governments reject the IATA plans, they cannot return to the former, rigid system of demanding total acceptance by all airlines of all IATA fares, because that has already been virtually killed by the U.S. Government's refusal to accept it. They will have to find some other way of fixing and controlling fares—which means taking over the job directly themselves—or inventing another form of IATA to do it for them. The IATA plans do at least give governments and airlines the chance to move into a more competitive era of mass travel in international air transport in a calm fashion without fear of irreparably damaging the system.

MEN AND MATTERS

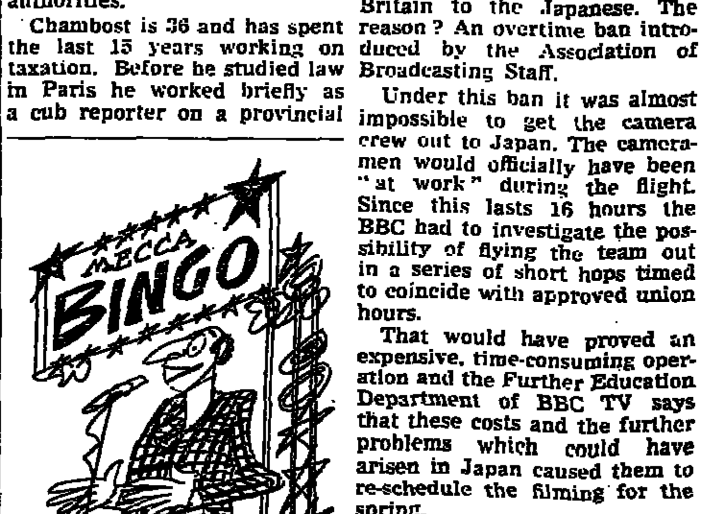
Guide to good havens

Some tax havens are more equal than others, but the choice is not always easy. There has been a distinct shortage of easily-comprehended Which-type guides in English on where the rich can best shelter from the depredations of the tax man. However, a new book called Using Tax Havens Successfully has now arrived to fill any gap in the market.

It is translated from the original French written by Parisian lawyer, M. Edouard Chambost. In London this week to promote the English version he told me he was confident that it will be widely welcomed by the hard-pressed British taxpayer. The French version sold 30,000 copies—and a bulk order at a "special" price was placed by the tax authorities.

Chambost is 36 and has spent the last 15 years working on taxation. Before he studied law in Paris he worked briefly as a cub reporter on a provincial paper—briefly because he wrote an aggressive financial piece on someone he did not realise was a part-owner of the paper.

"There is no perfect tax haven," he said yesterday. "And some of them are a good deal less than perfect." His book ends with a list of places to avoid. He warns against Pitcairn Islands: "The end of the world"; Tonga: "Apparently does not like competing for business"; and Svalbard, a Norwegian dependency in the Arctic Circle: "Recommended for those who like polar expeditions."



"Legs eleven—eyes to Heaven and pray for Eric Morley!"

Fresher than ever

Earlier this year BBC Television started work on a series of 15 films designed to explain contemporary Japan to the British. But it is now hard at work having to explain contemporary Britain to the Japanese. The reason? An overtime ban introduced by the Association of Broadcasting Staff.

Under this ban it was almost impossible to get the camera crew out to Japan. The cameramen would officially have been "at work" during the flight. Since this lasts 16 hours the BBC had to investigate the possibility of flying the team out in a series of short hops timed to coincide with approved union hours.

That would have proved an expensive, time-consuming operation and the Further Education Department of BBC TV says that these costs and the further problems which could have arisen in Japan caused them to re-schedule the filming for the spring.

In fact the ban on overtime was lifted on Wednesday on a temporary basis which must have some Japanese wondering why the BBC did not go ahead. But the BBC itself seems unperturbed. The programme is not due for transmission until autumn 1979 and I am told that the deadline will still be met. The footage will be from next year rather than this one, which seems only appropriate for a "contemporary" film.

Scratched records

Everybody talks in favour of human rights but does not always carry such ideals into practice—that was the gist of the speech the President of Greece, Constantine Tsatsos, delivered at the recent opening in Athens of a Council of Europe symposium on this thorny subject. His speech was seen by some as indirectly criticising the Council of Europe for failing to act on its own report on Turkish acts in Northern Cyprus. But the criticism applied in part to Greece's present government—or so opponents of the late junta have been claiming.

The Greek representative at the Council's Committee of Human Rights was not invited, nor was the President of the Greek Committee for Human Rights, Professor Plaidon Vegleris, according to Lady Amalia Fleming, one of the leading opponents of the junta. Vegleris, in another capacity, eventually received an invitation, but like Lady Fleming, he felt quite unable to attend.

Their problem was summed up by another opponent of the junta, Vasilis Filias. According to him, the Greek Government had acted "extremely provocatively" in organising the seminar. He referred particularly to the record of two people chosen by the Greek Government to handle the seminar.

The chairman of one session was a Greek diplomat who had helped the junta defend itself at the Council of Europe in 1969: he had later been dismissed by the junta but his speeches in defence of the Colonels' coup remain on stark record. Another organiser, a woman from the Ministry of Justice, is remembered for her public speeches in 1970 against foreign complaints of torture in Greece. She was also, Lady Fleming tells me, known for her "lack of sympathy" towards the families of political prisoners. The woman had been the junta's director of prisons.

Dressing up

Waste not, want not is a slogan which the House of Representatives is beginning to think is not as widely appreciated by the U.S. Armed Forces as they would like. The latest issue of Armed Forces Journal International describes how the American Ambassador to Uruguay recently sent a message to the State Department which was passed on to the Joint Chiefs of Staff. The JCS then made 55 copies of it. The subject of such top-level concern? The impact of proposed tariff changes on the non-rubber footwear industry in Uruguay.

But even more waste is indicated in other fields, a House Committee finds. Its researches show that the U.S. Air Force has 91,500 people eligible to be issued aviators' sunglasses but buys 136,000 pairs annually. The U.S. Navy had an average of 15,000 personnel of flying status during fiscal years 1970-1977, but issued leather flight jackets at twice this rate. And the Defense Department has not bought a Colt .45 handgun since 1945 but each year buys an average 48,000 heavy-duty holsters for them.

As for a particular Navy unit this had 18 people on flight duty but in a 20-month period issued 217 pairs of sunglasses, 75 flight jackets, 53 pairs of boots and 181 pairs of gloves. All of which at least shows that service people like to look like pilots.

Observer

THE FT'S NEW INTERNATIONAL BONDS SERVICE

BY NICHOLAS COLCHESTER

Daily prices for an invisible market

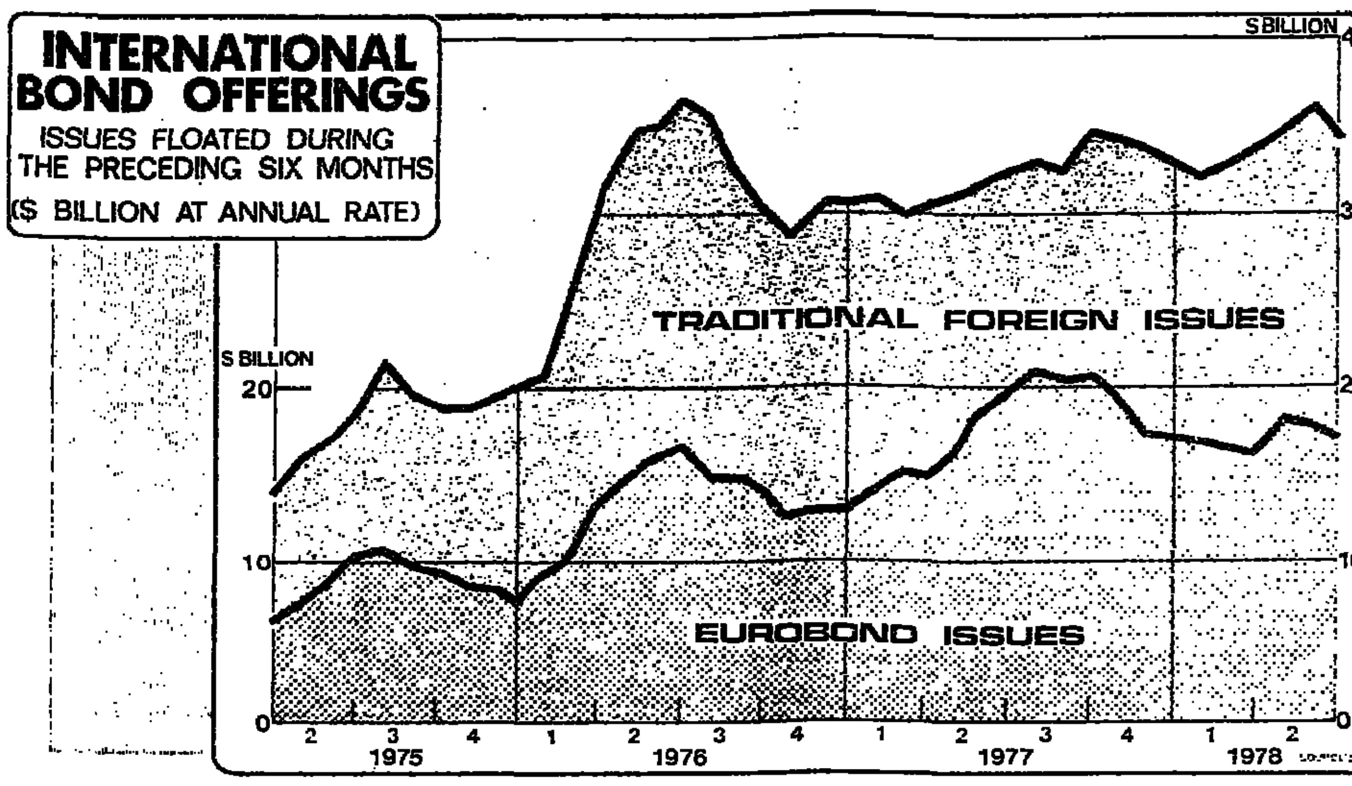
HOW DO you find out the price of a Eurobond? It may come as a surprise to many people that 18 years after this stateless capital market was invented, a widely disseminated daily list of prices still does not exist. Some $70bn of these securities are floating around with their owners, or prospective purchasers, having only an approximate idea of what they are worth. So the answer is that you must find an appropriate "market maker" and ask him. You will have to be quite well plugged into the system to weigh up his answer.

Today the *Financial Times* takes a modest but significant step towards rectifying this situation. It starts publication of a daily list of the latest 200 international bonds to have been issued. It will present each price together with the sort of information that is needed to make sense of it: the underlying characteristics of the security, the way its price has moved, and the yield or alternative attractions which the price implies.

It is universally agreed that the international capital market has outgrown the amount of information that is available to its participants. The chart shows this growth. In the second quarter of this year, according to the OECD, this market was providing finance at the rate of $37bn a year. This was raised through $20bn, annual equivalent, of "Eurobonds," the true stateless international bond that is issued outside the rules and regulations of any national capital market, and through $17bn of "foreign bonds"—bonds which are issued on the capital market of one country, but by a non-resident of that country. These figures compare with the annual rate of bond issues in the U.S. capital market of $125bn.

For many investors, the acceptability of this considerable quantity of international bonds is based upon the notion that they can be traded. This notion is sustained only with difficulty—sometimes only with outright sacrifices on the part of a market maker who has taken it upon himself to provide a regular price for a specific bond. An investor would, in fact, have trouble discovering a market-maker for about one third of the Eurobonds in circulation.

Both the spreads and the inconsistencies in prices between very similar bonds show what a thin secondary market this is. The spreads have improved noticeably over the last three years—some say since Salomon Brothers, the big U.S. investment bank, became a force in the secondary market—from a norm of 1 per cent to today's norm for straight dollar bonds of ½ per cent. But this still compares poorly with the ⅛ per cent found in established domestic bond markets.



The prices of the 4,000 international bonds in issue are quoted by a core of about 100 market-makers stretched around the world. The trading floor is a global network of telephone lines. The number of factors that will determine the price of any international bond is much greater than in a national bond market. First there is the all-important matter of currencies, which introduces a great variability into the assessment of any single bond. Then there are the different interest rate prospects within each currency group. There are the different fiscal and regulatory conditions that affect investors of different nationality while, finally, the spread of the market across the time zones contributes to the apparent inconsistencies.

Yet taking all these variables into consideration, investment bankers concede that the inconsistencies are symptomatic of a secondary market that is too thin for the primary market—the volume of new issues—which it is trying to support.

An increase in the amount of information about this market to improve its "visibility" or "transparency" will not solve the secondary market's problems at one stroke. There is, indeed, a nagging suspicion among market-makers that it is in exploiting the public's ignorance that they make their surest profit. On balance, however, they concede that the effect of more market information should be helpful.

First of all, the impression that an international bond can be traded will be heightened if its price is regularly published. A price is the most important product of a secondary market and it is counter-productive if this product remains under wraps.

Price information will help a diversity of interest in the Eurobond market to develop. In common with national security markets, the international bond market is suffering from the concentration of investing power into a dwindling number of powerful hands. An oligopoly of investors requires a liquid market but at the same time reduces the market's liquidity. Meanwhile, the financing cost to the market-makers of holding sufficient inventory has risen steadily. At the moment, with short-term dollar rates higher than long-term bond yields, the cost of holding inventory in the dollar bond market, or of taking a block of bonds off a seller, is unusually high.

Under these circumstances anything which cultivates the interest of a wider variety of investors in this market must help market-makers to prosper.

The second thing that strikes the newcomer to this market is that the amount of research available to investors is small in light of the size of the market and of the quantity of variables that must be taken into consideration in assessing it. A number of market-makers send out regular advisory telexes, but their overall output is tiny when compared with the amount of assessment that goes on in national security markets. Such assessment could play an important part in removing price anomalies in the Eurobond secondary market, but it badly needs an underlying basis of price data to work upon.

Perhaps the most important shortcoming of the Eurobond market for the investor is that the process of issuing bonds is geared almost exclusively to the requirements of the borrower. *The interests of the ultimate* investor (as opposed to his investment manager) do not carry much weight.

The prices of bond issues are fixed not in relation to prices in the secondary market, as is the case in the U.S. for instance, but by reference to what the primary market will sustain. This primary market discriminates against small investors—the terms of an issue tend to be set to suit an elite of institutional investors, or investment managers, who will buy the bond at a discount. The *result is that the initial terms* of Eurobond issues quickly tend to be followed by a disillusioning discount in the secondary market. A greater amount of price information in the secondary market would alert small investors to where the true investment opportunities lie. In the long run such information could help bring issue prices more in line with secondary market conditions.

The Association of International Bond Dealers, which is the self-regulatory club for a substantial part of the international bond market, has *already taken an important* initiative in providing such information. Since 1975 it has sponsored a definitive monthly guide to the prices of international bonds under its sway. This is compiled by Inter-Bond Services, now a subsidiary of dataStream International, and is printed in the *Financial Times* on the second Monday of each month.

The *Financial Times* has now asked Inter-Bond to provide a shorter and more topical list daily. This will show the prices of the newest 200 international bonds and will take in areas—most importantly *the Deutschemark sector—not* under the AIBD's influence. In doing this the *Financial Times* is matching what it has done for many years for the London stock market—providing investors with a list of the prices quoted by market-makers at the close of trading each night.

Averaged

Because of the market inconsistencies referred to earlier, this service will not rely on the price quoted by a single market-maker in each security. The *price of each bond will be taken* from between two and four market-makers and averaged: if Inter-Bond gathers only one price for a particular bond this fact will be indicated in the list.

Some 40 market-makers are being interrogated for up to 800 bond prices over the telephone daily. Each week the contributing market-makers will be listed in the *Financial Times*.

The Eurobond secondary market may well be entering a phase of change. Reuters has plans to develop a bond-trading system using its Monitor network. More immediately, Eurex, a Luxembour-based company with 40 shareholders all active in the international bond market, is due to start up a computer-assisted bond-trading system in May, 1979. This will also generate a daily price list. The *Financial Times* will adapt to these developments as they occur. In the meantime, its new International Bonds Services will provide that element of up-to-date information which this market has so far lacked.

Letters to the Editor

More frequent pay reviews

From Mr. L. Robinson.

Sir,—It is generally acknowledged that the lack of acceptance of a fourth year of pay control is not so much opposition to the objective of restraining inflation but rather to the rigidity of its pattern.

Whereas Phase I was accepted with relief and Phase II acknowledged as necessary; Phase III was under sufferance and perhaps therefore it is just too much for people to accept a further 12 month span of "voluntary" co-operation — however desirable this might be.

On the other hand in the current environment of shop floor power, the risk of so called "free collective bargaining" could be frighteningly grave. Not only do many employers lack freedom to negotiate when faced with survival or sanctions but to talk of striking a bargain is nonsense when there is no real balance of power. Indeed we appear to have turned full circle with unfettered power—previously the prerogative of the employers—now in the hands of the unions. *Unfortunately* it is not just trade that is now at risk but the whole fabric of the economy.

The logical consequence, it would seem, is some form of Government involvement in pay determination for the foreseeable future—if only to back the efforts of the more responsible unionists to contain runaway inflation. After all, it is the ordinary citizens who will suffer most in any uncontrolled situation.

It would follow that the Government must stick to its guns—but need the format for Phase IV be based on previous patterns? If it is argued that an acceptable pay norm must relate to the level of inflation, would it not be sensible to monitor and regulate the situation more frequently than just once a year?

The Government could without loss of face relate its 5 per cent norm to a six month term only at which time the then rate of inflation could help determine a norm for the latter six months of Phase IV. For example, if by early next year inflation was running at less than the present level it might be decided that the norm be raised by a further increment of say 5 per cent. Although in that circumstance the earning rate would be 10 per cent higher during the latter part of the year, in fact the actual increase in earnings over the year as a whole would be 7½ per cent.

Surely such an arrangement would be more realistic and when coupled with proven productivity payments could form the basis for an acceptable policy.

Incidentally those who have already settled within the 5 per cent guidelines would be at no disadvantage for they too would be subject to the six month review.

Lionel Robinson.
Arncliffe,
Christchurch Crescent,
Radlett, Herts.

Borrowing short—lending long

From Mr. C. Wilson

Sir,—Mr. Salter (October 5) has raised a question which re-occurs from time to time. I would like to point out that the monies deposited with building societies on a demand basis, usually are by no means short-term funds and that of course the vast majority of mortgages do not run their full life, as people tend to move home much more frequently these days.

The key factor, however, in this apparent reversal of normal economic theory is the flexibility of the societies in offering the investing public the best possible terms in regard to interest rates, together with ease and convenience in operation of accounts. These policies have resulted in building societies becoming the premier vehicle for personal savings, and while they continue to meet the investing public's requirements there is no reason to believe that any serious problems will arise. The major threat to this continuance is, in my opinion, political rather than financial. I am in the employ of one of the major societies, but the views expressed are naturally my own.

C. D. Wilson.
126, Lynton Crescent,
Widnes, Cheshire.

Money for homes

From the Secretary-General, The Building Societies Association

Sir,—Mr. J. P. Salter asks (October 5) how the building societies can safely "borrow short and lend long." Although most of the societies' capital is held at short notice and most mortgages are arranged for 20 years or more, in practice much of that capital stays with the societies indefinitely and the average mortgage is redeemed within eight years.

Power to vary the mortgage rate enables the societies to keep their investment rate in line with the market and thus to maintain their funds. Building societies also keep very liquid to meet possible withdrawals. Currently, some £7bn is available for this purpose.

Whatever the theoretical objections, building societies have been operating safely and successfully on their present method for the last hundred years.

Norman Griggs,
14, Park Street,
Mayfair, W1.

Managerial unions

From the General Secretary, International Federation of Commercial, Clerical and Technical Employees

Sir,—Permit me to point out a number of inaccuracies in Dr. Maurice Green's article of September 29 (Page 32) entitled "European managers start to get organised."

He asserts that the "Confédération Internationale des Cadres (CIC)" is the "only international body co-ordinating the activities of managerial, professional and staff unions." This is not the case. The Geneva-based International Federation of Commercial, Clerical and Technical Employees (generally known by its French initials FIET) represents 171 trade unions with a total membership of 6,500,000 in 77 different countries. Within this overall organisation, the section for professional and managerial staff is by far the most representative trade union body, both at European and international level.

Dr. Green also says that the CIC is "consulted by all the major Common Market Commissions." In fact FIET's European regional organisation Euro-FIET is the only body officially recognised by the European Commission as representative for staff in insurance, banking, commerce and for salaried employees in industry, including professional and managerial staff in these sectors. Only last month, Euro-FIET held a conference in Luxembourg to discuss the problems of professional and managerial staff, in which representatives of the European Commission participated.

It is not the case that the "Union der Leitenden Angestellten" (ULA) in the Federal Republic of Germany has the right to appoint representatives of managerial staff to supervisory boards of companies. The managerial staff themselves elect their representatives to these boards. Results so far available on the works council elections in the FRG which were published in August this year covering 457 companies reveal that only 5.03 per cent of representatives of managerial staff are organised in non-trade union bodies, compared with 14 per cent in bona fide trade unions. The remaining 81.18 per cent do not belong to any organisation at all.

The central contention of Dr. Green's article, that managerial staff in most European countries are increasingly becoming organised in bodies outside the main trade union movement, is not borne out by the facts. Managerial staff are increasingly recognising the need to join genuine trade unions, as is indicated by the growing membership of FIET affiliates which has risen by 500,000 in the last two years. All FIET affiliates are in the mainstream of their national trade union movements—FIET's British affiliates, for example, are all affiliated to the TUC. This trend will certainly continue, given the ineffectiveness and weakness of "staff associations" and "professional associations" when it comes to taking action to defend the interests of their members.

Heribert Maier.
IFCC & TE, Ave. de Balerert 15,
CH-1210 Geneva, Switzerland.

Small businesses and banks

From Mr. R. Mitchell

Sir,—As you were good enough to publish my letter in your issue of September 18, may I crave a little more space particularly in view of the many letters and comments I have since received, which without being too presumptuous I would say were mostly favourable.

Mr. Neil Corby (September 20) and Mr. C. D. Bryson (September 28) have kept the banks and small businesses pot boiling although the latter, a bank manager, could not disguise his ingrained outlook by referring to a growing list of bankruptcies and company liquidations. Many of these, I would venture to suggest, have been assisted by the dishonouring of the wrong cheque at the wrong time through lack of complete understanding of *all* circumstances.

I am in no way suggesting incautiousness nor, having been in the same position myself, do I not agree that the sheer volume of business prevents most bank managers "getting closer" to their small company customers. Mr. Bryson seems to want a cut and dried definition of a small business. Perhaps with a mental summary of the many balance sheets which must pass through his hands and aided of course, with an elementary application of the *facts of life* (circa 1978) he might arrive at a workable yardstick.

An annual turnover of £100,000 appears to be needed to support a workforce of 10 with the hope of a break-even. This is average and usually consists of a managing-cum-sales-cum-personnel director, two unqualified secretary-cum-typist-cum-telephonist-cum-ledger-cum-invoice-cum-wages clerks, a works-cum-services manager and six quasi-skilled workers. Small wonder with this lamentable lack of qualified administration, the cost of which, nine times out of 10, is erroneously considered better channelled elsewhere, that accounts, if any, are poorly kept.

There must surely be many recently retired bank managers freed from the "belt and braces brigade" commanding a wealth of financial experience and local knowledge who, together with qualified accountant colleagues of similar ilk could form something along the lines of a nationwide panel. They could go in briefly and cheaply to small businesses and generally advise. Having then at first hand determined whether the concern is viable once systems have been put into hand and omissions rectified, lead the craft-orientated entrepreneur into the open arms of his banker.

Raymond H. Mitchell.
30, Brightling Road,
Crofton Park, SE4.

Changes in the wavelengths

From Mr. G. Ledingham.

Sir,—The managing director of BBC Radio (October 6) takes the opportunity in the discussion on wavelengths to refer to "BBC independence and impartiality flying round the globe."

As one who does try to listen to these broadcasts while abroad, I can confirm that this is my impression. Gone are the adverbs, adjectives and allusions by means of which BBC broadcasts in the UK have contributed to the great split in our society today.

It is as if the Financial Times were to produce a special edition for export.

I would have thought that this state of affairs should be of some concern to Mr. Singer.

G. M. Ledingham.
Hotley Rough, Prestwood,
Great Missenden, Bucks.

Shipping cars to N. Zealand

From Mr. J. Szulc

Sir,—There is a waiting list of nearly six months for shipment of private cars to New Zealand. I wonder if the Shipping Conference is trying to create a false shortage of supply as reported by Ian Hargreaves (October 4) or is it just a matter of inefficiency? Why should it not be possible to charter a ship to clear the backlog of bookings?

J. Szulc.
AAB Centro-American Company,
80, Great Portland Street, W1.

An evening with . . . ?

From Mr. J. Moore

Sir,—B. A. Young in his review of "An evening with Dave Allen" (October 5) concludes ". . . I would as soon have an evening with Clive Jenkins!" An interesting conclusion—perhaps sharpened by the prospect that Dave Allen does it for fun (plus money). Clive Jenkins does it for . . . what? (plus money?)

J. P. Moore.
10A Oatlands Chase,
Weybridge, Surrey.

Today's Events

GENERAL

Initial talks between senior Ministers and TUC leaders at Downing Street dinner in first stage of discussions to find pay formula

Conservative Party Annual Conference opens, Grand Hotel, Brighton.

Chinese Foreign Minister Huang Hua arrives in UK for four days of talks.

Mr. Edmund Dell, Secretary for Trade, leaves for week's visit to Canada and the U.S. to discuss world trade.

Chancellor Helmut Schmidt of West Germany starts four-day official visit to Japan.

EEC Development Council meets, Luxembourg.

Fire Brigade Union conference opens at Spa Royal Hall, Bridlington, with private session.

Statement by British Overseas Trade Board on "Selling to Japan."

Equal Opportunities Commission statement on child care provision for working parents.

Demonstration of "Brain Train" for commuters scheme, Paddington Station, London.

London Chamber of Commerce and Industry trade mission continues talks in South Korea.

Lord Shawcross opens Media Society discussion on "The Role and Future of the Press Council," 1, Whitehall Place, SW1.

Requiem Mass for Pope John Paul, Westminster Cathedral.

Lord Mayor of London attends Presentation of Trophies by the National Rifle Association, Mansion House, London.

OFFICIAL STATISTICS

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-Sept.). London clearing banks' monthly statement (mid-Sept.). Central Government financial transactions (including borrowing requirement) (Sept.). Provisional figures of vehicle production (Sept.). Appropriation account of industrial and commercial companies (2nd qtr.).

COMPANY RESULTS

Final dividends: James Halstead (Holdings). Highland Electronics Group. Scottish Metropolitan Property. Interim dividends: Amalgamated Power Engineering. Associated Biscuit Manufacturers. R. Cartwright Holdings. Farnell Electronics. Grattan Warehouses. T. C. Harrison. Intercity Investment Group. Ruberoid. Silentnight Holdings. Waterford Glass. Watts Blake Bearne.

COMPANY MEETINGS

Gaunt Rowland, Hollywell Lane, Armley, Leeds, 11. United British Securities Trust, 83, Cannon Street, EC, 12. Wholesale Fittings, Great Eastern Hotel, EC, 12.

COMPANY NEWS

Sales growth fails to sustain peak performance for Glaxo

GROWTH IN sales from £488.03m to £543.55m was too low to prevent a reduction in profit margins at Glaxo Holdings during the year to June 30, 1978, and taxable earnings slipped £0.66m to £86.36m.

The decline came in the second half following an advance to £40.26m (£39.4m) at the mid-way stage.

In the first half demand for products had continued to rise firmly but in some markets trading conditions had been difficult and in general price increases had not kept pace with rising costs.

Over the year the rate of increase in the sales of the company's older products slowed down at a time when new ones were not yet contributing enough to make up the difference, the directors explain.

Trading profit was down £4.19m at £80.93m but gains realised on gilts helped lift income from investments which was up £2.37m to £11.35m and the group's share of assoicates' profits was £2.28m (£0.81m) including the rise in the sterling value of the company's share of the net current assets of these companies in Japan.

Tax took £43.67m (£43.97m) leaving a net surplus of £42.69m (£43.05m) for earnings per 50p share marginally lower at 49.1p, against 49.3p. The net total dividend is raised to 11.4p (10.21p) by a 6.9p final.

Group external sales, excluding £17.65m (£14.84m) turnover with its subsidiary Vestric, were ahead to £392.24m (£360.54m). Sales by pharmaceutical wholesaling company were better at £151.31m, compared with £127.49m.

The group, whose interests include the research, development and manufacture of pharmaceuticals, achieved rapid growth in profit from £41.43m to £73.05m in 1975-76 before reaching last year's record level.

	1977-78 £000	1976-77 £000
External sales	543,550	488,030
Group	392,240	360,540
Vestric wholesaling	151,310	127,490
Trading profit	80,930	85,120
Share of associates	2,280	810
Investment income	11,350	9,180
Interest	8,400	8,090
Pre-tax profit	86,360	87,020
Tax	43,670	43,970
Net profit	42,690	43,050
To minorities	1,200	1,460
Available	41,490	41,590

See Lex

S. Jerome rises 21% at midway

FROM EXTERNAL turnover of £4.45m against £3.61m, taxable profits of S. Jerome and Sons (Holdings), spinner and maker of worsted fabrics, rose 21 per cent from £255,874 to £310,536 for the first six months of 1978. Last year, a peak £601,831 was achieved.

Mr. W. Jerome, the chairman, reports that both H. Armitage and Co. (Eccleshill) and William White and Sons (Huddersfield), acquired at the beginning of the year, made a valuable contribution to group profits for the period.

Business continues to be extremely difficult in all areas of the group's activities and although retail sales are buoyant, a considerable proportion of clothing sold is imported largely from low wage countries.

"I cannot see this position altering and we can only maintain our share of the reduced orders placed with UK manufacturers by producing efficiently and economically and giving our customers a reliable and quick delivery service," Mr. Jerome states.

Half-yearly exports were down from £650,391 to £478,778 and the chairman comments that the group is continuing its efforts to sell in world export markets and directors and export sales executives are continually visiting its agents and customers overseas.

After a tax charge of £161,480 (£116,000), net profits were £149,056, against £139,874, representing earnings of 4.5p (adjusted 4.2p) per 25p share.

The interim dividend is effectively raised from an equivalent 0.45682p to 0.5025p net, costing £16,817 (£15,288) and the directors expect to recommend for 1978 the same amount as the previous year, on capital increased by last year's scrip issue—for 1977, payments totalled an adjusted 2.777p.

INDEX TO COMPANY HIGHLIGHTS

Hunting Petroleum to miss forecast

THE DIRECTORS of Hunting Petroleum Services state that since the offer for sale last June, their profit for 1978 has been influenced by two factors, as a result of which it may not reach the level anticipated.

On turnover of £70.85m pre-tax profits for the first half of 1978 were £969,000 and the directors state that their forecast of £2.4m, made in June, for the full year, is likely to be reduced by some £0.25m if the current weakness of the Canadian and U.S. dollar is maintained. Also influencing profits is the unexpected absence of the normal seasonal upturn in North Sea activity, resulting in lower utilisation of Hunting's turbo-drilling services.

The directors add, however, that the incidence of the company's profits is such that the effect of these factors on the attributable profit will be less than at the pre-tax level.

Included in the interim pre-tax profits were associates losses of £5,000 and the total was subject to a tax charge of £363,000. Minorities took £106,000 leaving an attributable balance of £320,000. Earnings are shown as 5.7p per 25p share and, as forecast, the interim dividend is 1.4p net; a 3.25p net final is intended.

The directors say that since June they have received very encouraging preliminary results from the exploration programme of the company's U.S. subsidiary, Brazos Young. It is emphasised that further drilling will be necessary to determine the full extent of this discovery.

Reed Executive more than double mid-year

AS FORECAST, the directors of Reed Executive report a significant improvement in taxable profits for the first half of 1978 to £782,000 compared with £372,000 for the corresponding period last year. Turnover was up by over £3m from £6.62m to £9.76m—for all of 1977 turnover was £15.23m yielding record profits of £1.06m.

Mr. A Reed, the chairman says the company has enjoyed an excellent level of activity during the first six months, and that the company's employment agencies must have maintained their pre-eminent position in the sector. He is particularly pleased with the progress made by Medicare.

Retail turnover increased by 80 per cent, as a result of improved sales in established units, largely through more effective trading policies, and from new shops opening, he adds.

	Half-year 1978 £000	1977 £000
Turnover	9,758	6,623
Pre-tax profit	782	372
Agencies, consultants	949	509
Drugstores loss	167	137
Tax	407	202
Extraord. items*	65	11
Making	440	181

* Profit (loss) arising from the sale of certain freehold and leasehold premises and investments, after tax; and extraordinary expenses.

The interim payout is effectively raised from 1.1p to 1.5p net per 5p share, and the directors state that the results for the period should enable them to maintain their policy of maximum permitted distribution when considering the final—last year's final payment was 1.64p.

● comment

Employment agencies are enjoying enjoying a boom of their own at present and Reed Executive is not missing out. Pre-tax profits are more than doubled with the agency and consultancy side 87 per cent better. Reed is primarily dependent on the permanent jobs market and demand for this type of employee and for temps (about 40 per cent of group profits) is particularly strong. The company's policy of concentrating on prime sites, predominantly in the south-east where the effects of unemployment are least felt, has worked well for the last two years. The huge profits growth, however, in what historically has been a cyclical sector, will inevitably slow. The company meanwhile, has been building up its own chain of self service drugstores, a retail concept making life extremely tough for high street chemists. Medicare will not break into profit until at least 1980 but the earlier openings are now profitable. Given last year's excellent second six months, growth in the current half will be less impressive but at 79p the shares, assuming full year profits of £1.6m stand on an undemanding fully taxed prospective p/e of 6.4 and yield 5.8 per cent.

Second half upsurge boosts Lake & Elliot to £1.62m

A SECOND-HALF profit nearly doubled from £0.58m to £1.05m at Lake and Elliot, steel castings manufacturer, boosted taxable profits for the full year to July 31, 1978, to £1.62m, against £1.12m —a rise of 45 per cent. Turnover was ahead slightly from £18.25m to £18.84m.

The directors say that a short-term improvement in orders on hand is evident, but in the longer term, substantial growth in the industries served by the group is still obscure.

Earnings are shown as 8.17p (4.44p) per 25p share, after tax of £0.8m (£0.68m).

A final payment of 2.4467p net per share lifts the total for the year from 3.4914p to a maximum allowed 3.8987p, absorbing £0.39m (£0.35m).

	1977-78 £000	1976-77 £000
Turnover	18,835	18,247
Profit before tax	1,621	1,121
Tax	804	675
Net profit	817	446
Extraord. debit	†—	194
Pref. dividend	5	[illegible]
Ord. dividend	287	347

† Comprised profits from the realisation of assets of French subsidiary £69,000; Extraordinary losses attributable to remedial action in loss making subsidiaries £131,000; tax relief on above £68,000; loss on disposal of Edmund Vaughan (Stampings) £35,000; tax relief on above £8,000; and write back of over provision for taxation on 1975 extraordinary item £21,000.

● comment

After a dull firs six months, second half profits at Lake and Elliot are 87 per cent up, although the full year outcome is still one fifth below the 1975/76 result. The upturn left the shares 7p higher at 56p but it is clear that the profits improvement marks more a short-term consolidation than a longer term recovery. All the group's activities benefited from better trading while the transfer of Cockburns from Glasgow to Leeds and the closure of one French factory eliminated previous losses. The remaining French factory operation turned in a particularly good profit reflecting past R and D and all the overseas subsidiaries are making money again. In the UK orders in both valve and foundry operations have picked up in the last few months. Turnover, however, is only slightly better (stripping out the French subsidiary last time) at 6 per cent and a volume-sensitive business needs a healthier industrial investment climate to maintain growth. Most of the savings have now been made and at 56p the below average p/e of 6.6 looks justified. The yield of almost 11 per cent, however, provides some attraction.

Metal Products (Cork) expects fall midterm

Price competition and reorganisation costs is constraining profitability at Metal Products (Cork) and a lower first half surplus is expected.

Even so the directors are confident, and budgets indicate a profit for the current year, Mr. Clayton Love Jnr., the chairman, says.

The group was able to reduce its indebtedness during 1977-78 and still had unutilised property assets on its books. At year end borrowings were down £295,859 at £801,348 equivalent to a reduction from 95 per cent to 65 per cent of shareholders' funds.

The Board will in future continue to realise the company's surplus properties as the market appears opportune. Certain properties formerly occupied by Heatovent, and Metal Products (Pulvertaft) and also property let at Anco have been sold. Even though the sales resulted in a £0,714 loss they provided a vital source of funds, Mr. Love comments.

For the year to March 31, 1978, taxable profit rose from a depressed £95,019 to £124,158 on sales of £4.52m (£4.66m)—as reported September 22.

During the year shares in Murco Environmental and Murco Environmental (UK) were sold and the development of this project no longer forms part of the group's activities.

The manufacturing division extended its range of compression couplings and achieved a better market share.

The fabrication and galvanising section of the engineering division met difficult trading in the latter part of the year. Lack of productivity coupled with reduced sales highlighted problems which necessitated major reorganisation. This affected profits during the 12 months and to a lesser extent in the present year, but management is confident that these were temporary setbacks.

Solus sees little change

In the current year, an approximately maintained situation in respect of turnover and profitability is being budgeted for at Solus Teoranta, Dublin-based group, says Mr. Gerald Hickey, the chairman, in his annual statement.

However, he emphasises that the budget is based on the expectation of achieving quite a considerable volume of new business to substitute for the continuing drop in demand for the group's telecommunication components due to the obsolescence of the system which Solus is servicing.

Mr. Hickey poir s out that the UK Post Office proposes to introduce fully electronic telephone systems which will incorporate very few components which Solus could supply.

A number of joint ventures and new products have been, and are currently being, investigated and the chairman hopes that in the current year, the group's plans in this regard will begin to mature.

Members are told that the biggest problem facing the group is the finding of new products and in effect the organisation of a second major diversification from telecommunications production and sub-contracting.

"It is for this reason that we have deliberately set out to achieve a strong cash position as new products or acquisitions may cost a good deal in the short term and may take some time to mature in relation to profitability," Mr. Hickey states.

As already known, resulting from a rationalisation and restructuring programme, the company achieved a turnround from a £190,471 loss to a pre-tax profit of £172,394 for the year ended June 30, 1978.

While turnover increased 13 per cent to £3.91m, the chairman says the level of profits at 4.4 per cent on sales is still clearly inadequate, as is the return on shareholders' funds.

However, the group balance sheet is much stronger than a year ago, he adds. All long-term borrowings have been eliminated, with the exception of £50,167, which is a mortgage on buildings.

Working capital has been, and will continue to be, very closely monitored, says the chairman. Last year, working capital requirements were reduced by £275,478 (£284,466) on an increased sales level, mainly by a reduction in stocks and debtors.

This had increased net cash assets, and considerably reduced interest payments, while at the same time the group has been able to purchase four acres of land adjoining its Bray site to provide for future expansion.

Mr. Hickey comments that the strong financial position of the group should enable it to raise substantial long term finance for expansion or acquisition purposes as soon as reasonable opportunities occur.

At August 31, New Ireland Group held 17.7 per cent of the group's equity.

ISSUE NEWS

RELIANCE KNITWEAR

The recent one-for-four rights issue of 1,465,000 new ordinary shares at 42p per share, announced by Reliance Knitwear Group, to raise about £580,000 (after expenses) has been taken up as to 1,426,178 shares (97.35 per cent).

DUFAY

Dufay Bitumastic announces that acceptances have been received in respect of £342,498 nominal of 10¾ per cent Convertible Unsecured Loan stock, 1998-2003 offered on September 15, 1978, by way of rights to holders of ordinary shares on the basis of £1 nominal for every 12 ordinary shares held.

The balance, amounting to £582,188 nominal, has been taken up by the underwriters who have arranged for such amounts thereof as the institutional sub-underwriters do not wish to retain to be placed through the market.

The issue was underwritten by S. G. Warburg and Co. The brokers to the issue were Fielding Newson-Smith and Co.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Edinburgh Inv.	int.	3.4	Dec. 4	3.2	—	6.75
J. E. England		0.4	Jan. 5	0.36	—	1.42
English Association		14	Dec. 1	14	18.88	18.88
Freemans	int.	3.15	Dec. 6	2.42	—	5.94
Glaxo		6.9	Jan. 4	6.21	11.4	10.21
R. Green Props.		0.94	—	0.84	1.49	1.34
Hunting Petrol	§int.	1.4	Jan. 9	—	—	—
S. Jerome	int.	0.5	Nov. 27	0.46*	—	2.78*
Lake and Elliot		2.45	Jan. 4	2.06	3.9	3.49
Lesney Products	int.	1.18	Jan. 2	1.06	—	2.9
Marchwiel	int.	2	—	—	—‡	—
McCleery L'Amie	int.	0.2	Nov. 27	Nil	—	0.25
Reed Exec.	int.	1.5	Dec. 1	1.1*	—	2.75*
Silentnight	int.	1.12	Jan. 2	0.85*	—	2.67*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 5p forecast. § 3.25p final forecast.

Freddie Mansfield

Mr. Paul Tapscott, left, chairman and Mr. Leslie Smith, managing director of Lesney Products ... record Christmas sales expected

Lesney up to £2.8m so far and demand remains high

INCLUDING REDUCED currency gains of £330,000 against £470,000, profits before tax of Lesney Products, maker of toys and commercial diecastings, improved from £2,443,000 to £2,766,000 for the 24 weeks to July 16, 1978. Turnover rose £8.24m to £30.47m.

Also included are results for nine weeks of Metal Castings (Worcester), which has traded profitably since its acquisition.

Profits weer struck after heavier depreciation of £724,000 (£421,000) with larger interest of £388,000 (£251,000) resulting from financing increased toy and hobby production together with other seasonal items.

The directors say demand for these products remains high and they are expecting record Christmas sales.

For the year ended January 31, 1978, sales totalled £63.34m and pre-tax profits were £8m.

After a half yearly tax charge of £1,476,000 (£1,244,000) stated earnings per 5p share progressed from 3.56p to 3.84p. The net interim dividend is raised to 1.1792p (1.056p)—last year's final was 1.848p.

● comment

Lesney's results confirm that the toy industry is experiencing solid growth for the first time in at least four years. After stripping out Metal Castings for the nine weeks since acquisition, the group's interim sales rise of just over a quarter reflects a volume gain of about 16 per cent, which compares with a rise of a few points in the second half of last year. There is an upturn in consumer spending and many retailers have started re-ordering after last year's destocking policies. But, in spite of healthy demand, profits show only a 13 per cent advance. The weaker dollar reduced currency gains while last year's £4m capital expenditure programme resulted in a a higher depreciation charge. The build-up in stocks which has pushed up interest charges, is obviously in anticipation of a bumper Christmas. With a possible £0.5m contribution from Metal Castings, Lesney is on target for around £10m for the full year (£8m). On a 52 per cent tax charge the prospective p/e is just over 6 while the yield is [illegible] per cent at 92p. A rating which apparently ignores the company's heavy exposure to overseas markets and unfavourable currency movements.

OIL PLUS STARTS OPERATIONS

Oil Plus, a new British company formed as a 50/50 joint venture by the British Petroleum Company and the Plenty Group, subsidiary of Booker McConnell has now begun operations from its Newbury-based office.

The new company will provide to the world-wide oil industry complete systems approach to water injection to maximise recovery of oil and gas from reservoirs both on- and off-shore

upturn at Silentnight

IN LINE with directors' expectations, pre-tax profits of Silentnight Holdings advanced 34.8 per cent from £1,301,000 to £1,755,000 for the half year to July 29, 1978, and internal budgets show a continuing increase throughout the second six months.

For the whole of the previous year, profits reached a record £3.23m.

First-half turnover leapt 51 per cent to £24.72m and the directors say all divisions of the bed, upholstery and furniture manufacturing group are very busy reflecting the rising volume of UK consumer spending.

The directors say they are applying the whole of the basic 10 per cent permitted increase for the year to the interim dividend because they are "confident the full year results will enable total payments to exceed the permitted 10 per cent."

In the event, the net interim dividend is 1.12p (equivalent 0.847p) from stated earnings ahead from an adjusted 7.56p to 10.2p per 10p share. Last year, payments totalled 2.673p, adjusted for the scrip issue.

Based on the estimated effective rate for the full year, tax for the period takes £225,000, compared with £167,000 last time, adjusted to reflect the change in accounting policy relating to deferred tax applied for the 1977-78 year.

Professor Roland Smith, deputy chairman, has assumed the role of chairman in place of Mr. T. Clarke, the founder and former executive chairman of the group, who remains on the Board as a non-executive director. These changes are stated to form part of the planned growth and development of Silentnight.

● comment

With a strong growth in first-half profits already behind it, Silentnight is well on the way to fulfilling its directors' prediction of a "significantly better full-year result." But analysts had been expecting something better than the 35 per cent jump and the share price, which has enjoyed support in the past three to four months, closed 2p down at 108p. Margins in the first half, at 7.1 per cent, are a little down on the previous corresponding period due to increased competition and the company's determination to lift its share of the total furniture market from its current level of around 4 per cent. The two small reproduction furniture acquisitions, included in the figures for the first time did not add significantly to the sales or profit figures. The second half pre-tax figure is usually higher than the first suggesting a full year result around £4.25m. The shares are selling on a prospective p/e of 7.9 and a yield (assuming the company is successful in lifting annual dividend by 30 per cent) of 4.9 per cent.

so far high

£7.2m at midway

PRE-TAX profits of Freemans (London SW9) mail order concern, advanced 31 per cent from £5.53m to £7.21m for the 28 weeks ended August 12 1978 on turnover, including VAT £7.13m against £5.78m, of £100.77m compared with £83.37m. Profit for the 1977-78 year was a peak of £13.06m.

The directors state that the sales growth from the company's new autumn/winter catalogue is continuing at much the same rate of advance as in the first half and given no unexpected setbacks they say the full year's results should therefore be satisfactory.

Mr. A. Rampton, the chairman, attributes the better profits to two different factors; last year's larger-than-usual provision against summer stocks and a cut in interest charges, from £434,000 to £292,000.

In value terms, turnover including VAT rose by 20.9 per cent which, he says, compares favourably with the 10.8 per cent increase for the mail order trade as a whole during the period; "it also compares favourably with the lower inflation rates this year, indicating sound progress in volume throughput," he adds.

	28 weeks 1978 £000	1977 £000	Year 1977-78 £000
Turnover	100,763	83,365	166,474
VAT	7,130	5,791	11,635
Leaving	93,633	77,567	154,839
Trading profit	7,500	5,949	13,744
Interest payable	292	434	654
Profit before tax	7,208	5,515	13,060
Tax	3,748	2,868	6,747
Net profit	3,460	2,647	6,313
Dividends	729	559	1,373

The interim dividend is stepped up to 3.15p (2.42p) net per 25p share—last year's final was 3.5232p. A two-for-one scrip issue is also announced.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Amalgamated Power Engineering, Associated Biscuit Manufacturers, Bowthorpe, R. Cartwright, Farnell Electronics, Grattan Warehouses, T. C. Harrison, Inter-City Investment, Ruberoid, Waterford Glass, Watts Blake Bearne.

Finals—Estates Property Investment, James Halstead, Highland Electronics, Scottish Metropolitan Property.

FUTURE DATES

Interims—	
Ellis and Goldstein	Oct. 12
General Scottish Trust	Oct. 19
Hopkinsons Holdings	Oct. 25
Jessel Toynbee	Oct. 18
London and Northern Group	Nov. 8
London and Provincial Poster	Oct. 12
Mentmore Manufacturing	Oct. 13
Runciman (Walter)	Oct. 24
Scottish Mortgage and Trust	Oct. 19
Steel Brothers	Oct. 16
Upton (E.)	Oct. 20
Finals—	
British Empire Securities and General Trust	Oct. 13
Brooke Bond Liebig	Oct. 17
London Scottish Finance Corp.	Oct. 19
Paterson Zochonis	Oct. 24
Sirdar	Oct. 11
United Wire	Nov. 30

Levex on road to recovery

Following the forecast in July of a return to profits in the current year, Levex reports a pre-tax figure of £95,202 for the first six months.

In the first half of 1977 the group achieved a profit of £60,406 but this was more than offset by losses in the second half and for the full year there was a deficit of £31,720. This figure was struck after crediting Government grants of £38,560.

In July members were told that turnover at the printing division in the first five months of the year was ahead of the same 1977 period. And the chairman believed that actions taken could remedy the problems which had affected the group over the past four years. In that time the group has totted up pre-tax losses of some £480,000.

In the first half of 1978 turnover of the group (its main business is the manufacture, printing and sale of fabrics) rose from £1.56m to £1.79m. As a result of losses brought forward there is again no tax. Earnings per 5p share are stated at 2.64p (1.68p) prior to the rights issue.

Helene of London well ahead

A 29 PER CENT jump in pre-tax profits from £430,156 to £556,318 is reported by Helene of London for the first half of 1978. Turnover grew some 18 per cent to £5.95m.

In the current period, sales are very buoyant with export orders again reaching record levels, the directors state.

After tax of £295,000 (£225,000) net profits improved from £205,156 to £261,318, while the preference dividend absorbs £34,076 (£21,160).

For the whole of 1977, taxable profits were a record £1.06m and a single ordinary dividend of 0.6707p net per 10p share was paid.

well behind at halfway

AS ANTICIPATED, the half-year to June 30, 1978, was a difficult trading period for J. E. England and Sons (Wellington), and the directors report a drop in taxable profits from £516,094 to £114,358. Turnover was up slightly to £20.93m against £19.87m last time.

For 1977 a second-half loss of £65,975 left the full year's figure down from a peak £1.11m to £450,119.

After tax for the six months of £59,466 (£268,369) earnings are shown as 1.08p per 5p share compared with 4.94p. The directors, of this potato, grain and produce merchant and grower, say it is impossible to forecast results for the full year but in the knowledge of first-half profits, they announce an interim dividend of 0.3993p (0.363p) net—last year's final payment was 1.05662p.

Despite uncertainties, farmers have planted a larger potato acreage in 1978 than that recommended by the Potato Marketing Board and all the information now available indicates a surplus of supplies, the directors report.

Low prices for the second successive year have resulted in continued difficult trading conditions in the Ware potato trade but the other divisions of the business are progressing satisfactorily, they add.

Edinburgh Investment

Edinburgh Investment Trust reports gross revenue of £1,986,619 for the half year to September 30, 1978 against £1,966,322 and a slight rise in net revenue from £916,994 to £934,275.

The interim dividend payment is stepped up to 3.4p (3.2p) net per £1 deferred share; the second interim last year was 3.55p from net revenue of £1,961,911.

maintain profits

DUE MAINLY to a lower level of activity overseas and poor weather in the UK, turnover of Marchwiel fell from £82.85m to £73.98m in the six months to April 30, 1978. Pre-tax profits declined from £5.39m to £5.23m, but the directors say that turnover should pick up well in the second half and profits for the year as a whole are not expected to be greatly different than last year's £13.39m.

The directors report that in the UK a reasonable level of contract activity is being maintained, but recently margins have not continued to improve as much as had been hoped for. Overseas it is difficult to obtain profitable contracts and, in a number of cases, payment for work carried out remains unsatisfactory.

Although one civil engineering contract at home is making a large loss, a number of settlements have been concluded on old contracts which have helped income this year and will, hopefully, also make a significant contribution to next year.

Other companies in the group are generally performing well and an increasingly important contribution is expected from them.

The interim dividend per 25p share is 2p net and in accordance with the forecast made in connection with the recent reconstruction of the group, a 5p final payment is anticipated.

Due to the recent reconstruction the dividends are not strictly comparable with those paid in respect of the previous year. Marchwiel Holdings, the previous holding company, paid a total 3.4p for that year.

However, under the reconstruction, ordinary holders in Marchwiel Holdings received eight ordinary and one preference share in Marchwiel Ltd. for every four ordinary held.

Assuming the final dividend is paid as planned, the total paid this year to former ordinary holders in Marchwiel Holdings who have retained their full allotments in Marchwiel Ltd., will be more than three times that paid last year.

Net profit for the first half of the current year was down from £3.43m to £3.09m.

● comment

Marchweil is the lastest in a growing list of contractors to report disappointing results and tougher trading conditions. On the overseas front the shortage of new business is so marked that Marchwiel has, at best, broken even in the period. At home the group reports some encouraging signs in recent weeks, but there is no disguising that contracts entered into in the past few years are not producing the old profit margins. The biggest question mark about these figures is the extent to which interim profits have been boosted by settlements of old contracts. Marchwiel only admits that their contribution is more than £½m. With the group forecasting little changed profits for the year the shares, at 134p, have no particular attractions on a fully taxed p/e of about 7.

Father and son quit Camrex Board

The boardroom split at Camrex (Holdings), paint manufacturers and corrosion engineer and contractor, has culminated in the resignation of two Board members, father and son, Mr. Alex G. Cameron and Mr. A. W. R. Cameron.

The official reason for their departure is "a major difference on future policy" although, in the past, other differences have also been cited.

Disagreement about re-organisation of Camrex and the way the company should go, was the fundamental difference, said Mr. J. A. Witter, chief executive of the company, yesterday. In particular, the Camerons did not approve a new policy of organising the marine sales executives and the marine offices overseas to sell the company's industrial paints.

Mr. Witter said that compensation would be paid, although the details had not yet been agreed. But Mr. Alex Cameron said yesterday that the compensation agreement had already been made.

R .Green earnings expansion

AFTER tax of £188,199 against £138,689, profits of R. Green Properties are ahead from £277,825 to £510,075 for the year to June 30, 1978. Turnover for the period advanced from £2.89m to £4.11m.

The attributable balance is £510,089 (£277,730) and earnings per 10p share are shown to have risen from 2.28p to 4.18p. Costing £167,563 (£150,058) the net dividend total is stepped up from 1.3363p to 1.49226p with a final payment of 0.94226p. Mr. and Mrs. R. N. Elphick have waived dividends totalling £14,445 (£12,935).

Giddings & Lewis-Fraser lower so far

Lower pre-tax profit of £356,506, against £425,522, is shown by Giddings and Lewis-Fraser, machine tool maker and wholly owned subsidiary of Giddings and Lewis, of the U.S. for the first half of 1978.

Sales were ahead to £4.34m (£3.93m). After tax of £176,800 (£214,933) the net balance was down from £210,589 to £179,706.

Profit for the six months was struck after depreciation of £133,344 (£132,084) and interest £21,914 (£6,629).

For 1977 profit was a record £810,000 and order intake reached a peak level leaving a backlog of some £9m at the end of the year. This together with a good flow of orders during the first three months gave the company a reasonable chance of further improving results in the current year, the directors said in April.

Audiotronic rescue terms come under fire

The terms for the rescue of Audiotronic Holdings—which takes in the Lasky electrical retail chain—came under fire from some small shareholders at the group's AGM yesterday.

Earlier this year the group raised £1¼m through the issue of 5m cumulative participating preference shares and some shareholders complained yesterday that they had not been offered some of the this stock—carrying a 12 per cent coupon and rights to the ordinary dividend.

Mr. Geoffrey Rose, Auditronic's new chairman, told the meeting that 20 per cent of the new new shares—at the Stock Exchange's insistence had been placed on the open market. He would have preferred to have seen these offered to existing Audiotronic shareholders.

Mr. Rose, and his two American associates—who put together the rescue package—acquired 2.5m. of the new shares and the remainder were placed with institutions.

He said that the rescue had to be arranged within a weekend or Audiotronic would have gone bust. If there had been more time he would have preferred to make a rights issue of the new shares, as he had done in the rescue of Changewares and Crellon.

Mr. Rose also told shareholders that profits for the first half should be higher than a year ago, adding that retail sales were running some 25 per cent higher.

He said that disposals of uneconomic activities had raised around £¾m for the group—more than enough to develop the remaining business.

Parker Knoll in takeover mood as cash builds up

ARMED WITH a high level of cash and a strong balance sheet Parker Knoll, furnishings manufacturer, has joined the acquisition trail.

Currently the directors are seeking a suitable purchase in the UK with revenue of between £1m and £10m and profits of the order of £400,000 a year. However, so far nothing satisfactory has been found, Mr. M. H. T. Jourdan, the chairman, said yesterday.

The directors have been talking about such a step for a couple of years but the company has had a bad record in acquisitions and this has made them a "bit gun shy" he added.

At the end of 1977/78 the group held cash at the bank and short term deposits amounting £1.76m (£1.26m) and liquidity was up £501,000 (down £202,000). Current assets had risen from £7.97m to £8.04m compared with current liabilities of £2.8m (£2.41m) and the only loan capital was a £437,000 9 per cent debenture stock 1989/94.

Looking to the future in his annual statement Mr. Jourdan says that he believes the group as a whole is well equipped to capitalise on a market which is much more buoyant than a year ago, and there are signs that results for the current year will exceed those of last year when taxable profit slipped to £1.73m (£2.27m).

Yorkshire General

A new capital investment scheme providing either capital growth or income over a 10-year period has been launched by Yorkshire-General Life Assurance, the life company of the General Accident Group. The scheme combines a temporary annuity with a with-profits endowment assurance and the investor puts down a lump sum which is split between these two contracts.

Under the Growth Plan, the amount invested in the temporary annuity is just sufficient to pay the premiums under the endowment assurance. At the end of 10 years, the growth comes from the maturity value of the policy. Under the Income Plan, the premiums under the endowment assurance are just sufficient to pay the outlay, assuming current reversionary bonus rates are maintained, the balance is invested in the annuity, which after paying the premiums on the endowment assurance provides the income.

The investor gets the benefit of tax relief on the premiums to the endowment assurance. In addition, the annuity payments are only taxed on the interest portion.

For example a man aged 40 paying basic rate tax only investing £5,000 could receive a sum of £11,845 after 10 years, a net yield of 9 per cent, or an income of £435 per annum net of tax with his capital returned at the end of 10 years—a net yield of 8.7 per cent. This assumes that the current reversionary bonus rates are maintained and in addition the capital sums in either case would be boosted by any terminal bonuses payable.

New contract from Sentry Insurance

A new motor insurance contract has been added to its range of Sentry Motor Policies by Sentry (U.K.) Insurance Company, a member of the U.S. based Sentry Insurance. This offers motorists two sizeable discounts in the premium rates for certain categories of motorists.

The first reduction is in respect of motorists who do not use their cars for travelling to and from work. The company has based this move on evidence from independent research showing that an above average number of accidents occur on commuter journeys. The second reduction takes the form of a special discount offered to drivers aged between 50 and 69. The company states that drivers in this age group tend to be more careful and have fewer accidents.

This new policy provides realistic cover for such peripheral items as contents, personal accident, medical expenses incurred under the Road Traffic Act and windscreen breakage. In addition, the company will also endeavour on behalf of policyholders to recover any excess payable in those cases of accident where the policyholder is not at fault. This move will benefit the motorist who normally has to pursue such a claim involving considerable personal expense.

MINING NEWS

W. Mining's uranium may get go-ahead soon

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Western Mining Corporation hopes to receive approval from the Australian Government by the end of this year for its Yeelirrie uranium prospect. In Melbourne yesterday, Sir Arvi Parbo, the chairman of Western Mining said that there were still several issues to be settled.

These included approval of the environmental impact statements: Foreign Investment Review Board approval of overseas interests; State Government mining approvals; Reserve Bank approval for financing and approval to go ahead from the Federal Government.

In August Western Mining reported that it had reached agreement with Esso and Urangesellschaft for a joint venture with Western Mining holding 75 per cent of the equity, and funding its cost by selling at least 60 per cent of the output to the foreign participants.

Sir Arvi said that the companies could not yet give any reserve figures for the Roxby Downs copper-uranium prospect in South Australia, but that "the more we drill the bigger it is getting." At this major deposit mineralisation has been intersected at big widths (thicknesses) in excess of 100 metres over a length of several kilometres.

Drilling recommenced last week on the promising Benambra base-metal prospect in north-eastern Victoria. High grade copper, lead and silver values over wide intervals were found about four months ago but the prospect has been snow-bound since then.

Sir Arvi also said that Western Mining did not intend to buy any of the A$50m (£29m) assets to be sold by its associate BH South in an effort to alleviate liquidity difficulties.

Commenting on the state of the world nickel market he said cuts in output by some major producers were starting to have effect and the market was slowly moving back to supply-demand balance.

Nickel remains Western Mining's main source of income and the combination of low metal prices, reduced sales and the high exchange rate of the Australian dollar against that of the U.S. resulted in earnings for the year to last June being rather more than halved at A$10.1m.

The full effect of the company's nickel production cutbacks will be felt in the current year when stocks should decrease. Difficult conditions in the nickel market are expected to continue in the short term, but Sir Arvi believes that the company is in a strong position "to meet future challenges and to benefit from a market upturn in due course." Western Mining shares were 142p yesterday.

MARY KATHLEEN TO KEEP LOANS

The Rio Tinto-Zinc group's struggling Australian uranium producer, Mary Kathleen Uranium, has decided against converting a A$20m (£11.8m) loan from its two major shareholders—RTZ and the Australian Government—into equity capital. The loans were originally made in December.

The funds were needed at the time to enable MKU to keep operating. MKU has run up heavy losses in recent years. In August a deficit of A$1.46m was announced for the June half-year and a similar loss was expected for the final six months.

The funds will remain as a loan which will cost about A$2.4m in interest in 1979. An equity conversion at around par for the 25 cents shares would have involved an issued in the ratio of close to one-for-one.

SOUTHLAND IN DIAMOND RUSH

The latest hopeful to enter the Australian diamond search is Southland Mining, whose other interests include the Italian Pianciano fluorspar deposit near Rome where mining was last hoped to start in 1980.

Under a joint venture agreement with Audimco, Southland has committed itself to spending A$500,000 (£294,000) by end-1979 on the next stage of Audimco's investigation at Copeton in New South Wales. The latter has reported a number of minor diamond finds from this known diamondiferous area. Southland shares are around 30p in London.

UNION MINIERE

In its latest half-yearly report, Belgium's Union Miniere says that earnings are running below those of a year ago. Reduced production continues at the Canadian Thierry copper mine.

Of new ventures, the Jersey Miniere Zinc operation expects to begin production at the Clarksville refinery by the end of this year. The U.S. Oracle Ridge underground copper mine in Arizona is due to come on stream at the beginning of 1980.

In Brazil, where UM is associated with Sibeka, operations continue normally at the Dragagem de Ouro and Tejucana concerns where gem diamond output reached 25,000 carats during the first half of this year. The strength of the diamond market "suggests favourable prospects for this investment," comments UM with some modesty.

MINING BRIEFS—

GEEVOR TIN—September: 10,453 tonnes treated produced 68 tonnes Black Tin (65 per cent Sn.) including 6 tonnes low grade concentrates. August output 54 tonnes.

KILLINGHALL TIN—September output 16½ tonnes (August 6½ tonnes).

MALAYSIAM TIN—Quarter to Sept. 30: Tribute ore sold 47.42 tonnes. Revenue £17,486. Expenditure £3,556.

RAHMAN HYDRAULIC TIN—September output 73 tonnes (August 69 tonnes).

SAINT PIRAN—September production of tin concentrates (figure in tonnes): United Kingdom (tonnes treated 21,828) 236 (70 per cent tin metal). Malaysia 34. Thailand 124. August: 89, 24 and 124 respectively.

Trans-Natal outlook

THE NEAR-TERM earnings growth potential of Trans-Natal, the South-African General Mining group's coal arm, appears limited, reports our Johannesburg correspondent. Coal sales, of which 79 per cent are currently made to tied power stations are level-pegging at an annual level of 20.8m tonnes and apart from the evdeloping Matla and Ermelo mines, all group collieries are at full stretch.

At the same time, capital expenditure allowances on the established mines are near exhaustion, meaning that in the current year their tax rates will be close to the full 42 per cent. In the year to June 30, 1978, the tax rate averaged 30.7 per cent on an operating income of R32m. Because of the fixed long-term nature of power station contracts, earnings will remain steady.

The next major growth phase will come with full production from Matla colliery. It is already working at well below capacity supplying coal for the Matla Power Station contract and will be absorbing significant capital expenditure over the next four years as power station demand builds up.

Ermelo Colliery is in the initial production stage, but will not reach full potential until end-1978 when the phase 2 expansion of the Richards Bay export facilities becomes available.

Mr. George Clark, the Trans-Natal chairman, warns against undue excitement over the group's new coal/uranium prospects north of Pretoria. He points out that initial prospecting has indicated difficult mining conditions and that long wall mining techniques will be needed. Extraction processes for the two products have yet to be devised, development will take several years and any effect on earnings is several years off.

Mr. Clark's view on the future of South Africa's coal exports is that the coal market will remain relatively quiet until the mid-eighties. By then new foreign power stations should be coming on stream together with the necessary extra South African infrastructure available for a major export tonnage boost.

By that stage, with reserves of around 3bn tonnes, Trans-Natal is apparently expecting major export allocations to shift the emphasis on its markets away from domestic power stations.

McCleery L'Amie recovers

RECOVERY FROM the losses the previous 14 months achieved by McCleery L'Amie Group, carpet and carpet yarn maker, in the first half of 19[...] For the half-year there was taxable profit of £247,000 against a loss for the six months to A[...] 30, 1977 of £265,000.

Sales were marginally up fr[om] £10.27m to £10.68m and trad[ing] profit climbed to £384[...] (£239,000). The turnround [was] helped by a lower interest ch[arge] of £136,000 (£222,000).

However, Sir Desmond Lori[mer] the chairman, points out that half-time result should not [be] taken as what is expected for full year as some sectors of group's business normally sho[w a] decline in the second half.

Even so, provided the incre[ase] in consumer spending conti[nues] the Board is reasonably confi[dent] of a marked improvement [on] the £483,000 loss seen in 197[...]

Stated earnings per 25p s[hare] for the six months reached [...] (losses 0.53p) and there [is a] return to interim payments [with] a net dividend of 0.2p—the [...] last time was 0.25p.

The carpet and yarn divi[sions] which last year faced unus[ually] difficult conditions, have r[aised] their turnover and impro[ved] margins.

Having maintained record [...] for 1974 and 1975 of over [...] the group fell into loss in [the] second half of 1976 hit by [...] margins and lack of demand [prin]cipally in the home market.

OIL AND GAS NEWS

Dome starts testing in Beaufort Sea

PRODUCTION testing at Dome Petroleum's Ukalerk c-50 and Kopanoar M-13 wells in the Beaufort Sea is expected to commence in the next few days, according to the company.

However, it will be several weeks after the production tests are completed before any results are disclosed. Under Federal Government regulations last Friday was the last day Dome could undertake any deep drilling in the Beaufort Sea, although the company can continue shallow drilling in the area as long as conditions permit.

The discovery of hydrocarbons in both wells at the beginning of September prompted intense speculation in Dome shares, which touched a 1978 high of $105½, compared with $92½ on Friday.

The Ukalerk well has been drilled to about 16,200 feet and the Kopanoar well to about 14,200 feet.

Meanwhile, Kam-Kotia Mines has entered into an agreement with Dome Petroleum for oil and gas exploration on two Alberta Crown Lease blocks totalling 8,960 acres in the deep basin area of Alberta, southeast of the Elmworth gas field.

The land is currently owned by Kam-Kotia, with an 85 per cent interest, Murphy Oil Canada, with 15 per cent, and Conventures, with a 5 per cent gross over-riding royalty interest.

The agreement includes the drilling of an 11,000 foot deep exploratory well. Dome [and] Murphy will pay drilling exp[enses] for the well and a second [...] well.

* * *

CHEVRON STANDARD (S[tan]dard Oil of California) be[lieves] that the West Pembina are[a of] Alberta, north-west of Edmo[nton] contains between a low-poi[nt of] 400m barrels of oil to a [high] point of 2bn barrels. Che[vron] made the original Pembina [dis]covery early in 1977.

It says a more accurate [pre]diction is not yet possible. A[bout] 30 discoveries of oil and [...] finds have been made since [the] original discovery.

Chevron says that the p[oten]tiality for finding addition[al ...] the same size range as Pem[bina] is "good" in other region[s of] Alberta.

* * *

Mr. Alastair Gillespie, Can[adian] Energy Minister, says he is commending to the Cabinet a[n in]crease of 80 cents a barrel [on] Canadian exports of light [and] heavy crude oils during [...]

The new price will be $[...] barrel for light crude oil [and con]densate, $3.35 for Lloydmin[ster] Viking-Kinsella and Wa[...] Type blends and $3.80 for [...] heavy oils.

The increase takes accou[nt of] changes in spot markets for [com]peting oil supplies over the [last] several months, but it was [prin]cipally caused by the fall in [the] Canadian dollar.

BIDS AND DEALS

Anti-trust inquiry into Davy's U.S. bid

BY CHRISTINE MOIR

THE ANTI-TRUST division of the U.S. Justice Department is investigating the proposed $110m (£55.5m) bid by Davy Corporation, the UK process plant contractor, for McKee Corporation of Cleveland, Ohio.

The two companies said yesterday that the anti-trust division has asked for further information about the agreed bid under notification rules issued under the Hart-Scott-Rodino Act.

The Act, which came into force at the beginning of September, gives the Justice Department powers to seek detailed information on a number of issues on mergers and tender offers where the companies involved are over a certain size.

The Department has 15 days to ask for the information, and a further 10 days after it has received it to advise whether *there appears to be a prima facie* breach of anti-trust regulations.

Neither company has revealed any details of the information being sought by the anti-trust division. The statement says simply that they are preparing responses to the requests for further information.

In London Davy said that it had "always known that the anti-trust division might interest itself in the bid. There is nothing to get excited about."

However, the intervention of the anti-trust division could hold up the bid.

Davy yesterday confirmed that it was going ahead with the bid, but added that would now be done "as promptly as practicable, taking into account this review of timing."

In Cleveland, McKee also stated that there was no reason to believe that the bid would be held up, although the anti-trust division is expected to use the full 10 days permitted it under the Act before advising the companies whether they can go ahead.

TRIDANT NOW RECOMMENDING ARGUS PRESS BID

Directors of **Tridant Group Printers** have withdrawn their support from the £3.8m bid from **Starwest Investment Holdings** to recommend the £4.5m counter offer from **Argus Press Holdings** —a wholly-owned subsidiary of British Electric Traction.

Starwest only gained support of the Tridant directors after it lifted its offer from each Tridant ordinary share from 63p to 85p. Argus however is offering 100p for each ordinary share.

Starwest however has not yet given up the fight and yesterday announced that it is extending its offers for the ordinary and preference shares until October 20 — and retains the right to extend its offers up to November 14.

Meanwhile, Tridant's share price climbed 1½p yesterday to 99½p. This was after Starwest revealed that it had not achieved a majority holding—it now controls 45 per cent of the ordinary shares and 39 per cent of the preference stock.

SMITH AND WILLIAMSON

Smith and Williamson has acquired the business of the investment advisory and management company **Throgmorton Securities**. Mr. David Wood, a director of Smith and Williamson, explained yesterday that the acquisition would complement and strengthen Smith and Williamson's own activities as accountants and investment advisors to individual clients. The strength of Throgmorton Management—whose managing director, Mr. J. A. Mulligan, is to retain his position—lies in the field of advising and managing pension funds.

Johnson Matthey expands in U.S.

Johnson Matthey the precious *metals and engineering concern* is poised to spend $11.8m (£5.9m) to acquire **Meyercord**, the U.S. industrial transfer company.

Agreement in principle has been reached with the Meyercord directors who together with their family interests control more than 80 per cent of the group's shares.

Johnson Matthey already earns around 20 per cent of its profits from its colours and transfer division—transfers probably account for around 7 per cent of group trading profits which in the year to March 31, 1978, stood at £20.6m. At the pre-tax level group profits were £18.8m, compared with the £21m earned in the previous year.

Mr. Harry Hewitt, managing director of Johnson Matthey, said that the group's existing transfer business was aimed at the pottery and glassware industries while Meyercord provided transfers to industrial customers for a wide variety of products—from oil tankers to sports gear.

Mr. Hewitt said that Matthey used lithographic and screen processes in the production of its transfers while Meyercord used a cold print process. "The deal will add a new dimension to our growing transfer business as well as providing an opportunity to expand in the U.S."

In the year to September 30, 1978, Meyercord—which is based in the Chicago area—earned $983,000 (£496,000) pre-tax profit from $21m (£10.6m) sales.

WERELDHAVE GAINS CONTROL OF MIDHURST WHITE

Beleggingsmaatschappij Wereldhave, the Dutch property group, has wasted no time in buying up shares of **Midhurst White Holdings**.

On Friday it made a surprise announcement that it had acquired 44 per cent of the ordinary shares and would be making a compulsory bid for the remainder.

By yesterday Wereldhave's financial advisors, Morgan Grenfell, were able to confirm that the Dutch group had bought sufficiently more shares for it to have won voting control of Midhurst.

The figures involved are 4.96m shares, giving Wereldhave around 50.6 per cent of Midhurst's total capital, fully diluted.

Meanwhile Midhurst's advisers, Lazard Brothers, say that they and the Board are still considering the 48p per share cash offer.

GEC talks with Electrolux on multi-million £ French deal

General Electric Company is planning to sell most of its interest in its French washing machine operation, Lincoln, to Electrolux, the Swedish household equipment group.

So far only agreement in principle has been reached and no figure has been put on the possible selling price. However, GEC said yesterday that the deal could be worth "a few million pounds, but not more than single figure millions."

Under the arrangement, which is still subject to approval by the French authorities, GEC plans to sell 70 per cent of its holding in Lincoln to Electrolux, while retaining the balance.

In the last accounts of GEC, for the year ending March 31, 1978, Lincoln (a GEC purchase of the early 1970s), was reported to be making "a loss, most of it in the first half of the year." GEC said yesterday that the loss was "a few hundred thousand pounds," on turnover of £15m.

Talks have been taking place over some months between Electrolux and GEC. If the deal is successful it will mark another development in Electrolux's drive into the French washing machine market. Electrolux recently increased its participation in its French subsidiary Arthur Martin, a washing machine manufacturers through a share capital injection. An extensive modernisation programme is planned for Martin's plant and machinery.

PLANTATION HLDGS

The board of Plantation Holdings yesterday issued a holding statement, telling shareholders that it is considering the bid from **Multi-Purpose Holdings Bhd** with its advisers and will write to them with detailed advice as soon as possible. The bid is not above the recent market price of *Plantation Holdings shares but is certain to succeed as MPH* now has 49.97 per cent of the equity.

ADDA PURCHASES

Adda International announce that negotiations have been finalised for the purchase of the **Heathrow Ambassador Hotel** for £1.15m cash. This modern freehold hotel comprises 110 rooms with private baths, ample public areas, including banqueting facilities for 250 and a car park.

The Heathrow Ambassador is strategically located adjacent to the M4 interchange, close to Heathrow Airport and Slough and will usefully complement the seven hotels Adda will be operating in London from November 1.

NEW SUITOR FOR MIDLAND EDUCATIONAL

A new face last night entered the battle for control of **Midland Educational**, the Birmingham-based bookseller and stationer, with **Lonsdale Universal** launching a rival bid valuing Midland at £3m.

This compares with a £2.1m cash bid from Pentos which has been strongly rejected by Midland.

Lonsdale the office stationery and printing concern is offering nine of its shares plus 250p cash for every five Midland shares. The bid values each Midland share at 217p.

Lonsdale start with 2¼ per cent stake in Midland. *This compares* with a 4.9 per cent stake held by Pentos when it launched its bid.

Mr. Alan Edwards, Lonsdale's managing director, said in Birmingham yesterday that Midland's business would compliment Lonsdale's book selling interests which last year generated sales of £7m.

Duncan stake in Eastern over 30% but no full bid

The City Take-over Panel has allowed **Walter Duncan and Goodricke** to acquire more than 30 per cent of **Eastern Produce (Holdings)** without making a full take-over bid. Walter Duncan is now free, under the Takeover Code, to buy 2 per cent of Eastern each year and ultimately gain legal control without making a bid or needing shareholders' approval.

Walter Duncan went over the 30 per cent level by converting, along with associates, a 55.52 per cent holding in the convertible unsecured loan stock. This took Walter Duncan's stake in the equity of Eastern up from 29.91 per cent to 33.41 per cent.

An obligation would normally arise in these circumstances under Rule 34 of the Take-over Code for Walter Duncan to make a general offer for Eastern at the highest price paid for any of its shares. But since Walter Duncan built up its stake in EP some time ago, the highest price is only 42½p per share, which compares with a current market price of over 90p.

The Panel has taken the view, shared by the Board of EP, that a bid at this level would be useless since shareholders who did not wish to stay with the company could much more profitably sell in the market. Rule 34 was therefore waived.

A spokesman for the Panel said that this was an unusual case. The 30 per cent level was carefully guarded, he said, but there were several ways of getting past it without triggering a bid.

WARREN SELLS BLANTYRE STAKE

Warren Plantations has sold *15.2 per cent (72,500 shares) of* **Blantyre Tea Holdings** to investment institutions, thus ending the possibility that Warren might eventually acquire Blantyre.

Warren built up its stake in Blantyre with the hope that it might one day acquire the 25.6 per cent stake held by Eastern Produce and launch a general offer. But Eastern Produce has not favoured a deal on *these lines so Warren has sold* out.

Warren received consideration *of £425,000, making a good profit* for the company according to the chief executive, Mr. Jakes, yesterday. Warren's stake was built up between a year and 18 months ago.

MARTONAIR BUYS BRIDON OFFSHOOT

Martonair International has purchased **Austin Beech** from the **Bridon Group**.

Martonair produces a large range of pneumatic control equipment and Austin Beech is internationally known for its metal-to-metal spool-and-sleeve valves.

SHARE STAKES

Securities Trust of Scotland: The Prudential Assurance Company holds 1,045,000 (5.22 per cent) ordinary shares not 1,010,000 (5.22 per cent) ordinary shares as previously stated.

East Midland Allied Press: The following directors have acquired "A" ordinary shares as follows: Mr. F. Rogers, purchased 22,054 making total 47,360. Mr. R. J. Winfrey purchased 319,175 making total 366,127. Mr. O. D. G. Barr, purchased 7,666 making total 15,580. Mr. A. G. Butler purchased 4,009 making total 7,651. Mr. P. E. Coles purchased 53,175 making total 107,349. Mr. G. R. Russell purchased 25,155 making total 54,695. Mr. G. Russell purchased 5,699 making total 11,904. Mr. J. D. Ryan purchased 750 making total 1,750. Mr. F. C. Winfrey purchased 504,555 making total 983,043.

600 Group—Mr. P. B. Levy, a director, has sold 10,000 ordinary shares.

Wolton—Mr. P. S. Dixon, a director, *has purchased 26,700 ordinary* shares increasing his holding to 600,017 ordinary shares.

Scottish Heritable Trust—Mr. P. B. Green has acquired 300,000 shares from Mr. A. Cochrane Duncan at 23.333p making a total holding of 590,000 shares (over 5 per cent).

Shaw Carpets—Mr. J. W. H. Hartley, a director, has disposed of 100,000 beneficially held shares. There is no change to his beneficial holding as this sale is to family trusts.

Steetley Company—Prudential Assurance now holds 2,548,988 ordinary shares.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Bangor Punta sees upsurge in sales to $1bn by 1982

BY TERRY BYLAND

MR. DAVID WALLACE, the Board chairman and president of Bangor Punta Corporation, the general aviation, sporting equipment and firearms group, said in London yesterday that he expects sales to rise in fiscal 1979 to between $740m and $750m, and then to $1bn by 1982. Earnings, he predicted, will keep pace with this advance, and in 1979 will turn in the group's fifth successive annual record.

He stressed that these predictions take no account of possible contribution from Lone Star Industries, the largest cement manufacturer in the Western hemisphere, in which Bangor holds a 5 per cent stake but of which it confidently expects to obtain a controlling interest of 20 per cent or more in the near future. Lone Star itself recorded $1bn sales this year, and earnings of $3.50 a share.

If a controlling interest in Lone Star is acquired, then Bangor would be able to consolidate its earnings per share.

Bangor Punta, whose business activities changed considerably after the nationalisation of its sugar estates in Cuba when Fidel Castro assumed power, predicted recently that the fiscal year which closed on September 30 would report sales of $650m and another year of record earnings.

Mr. Wallace, who was in London to meet financial analysts, stressed that the group sees its prime expansion area as that of general aviation.

In 1977, this division turned in some 10.2 per cent of group profit from about 47 per cent of sales. But statistics drawn up on the 12-month period to June 30 last disclose that the division is contributing 47 per cent of profit on 50 per cent of sales. Mr. Wallace predicted increasing sales of the group's non-commercial aircraft throughout the next decade.

He commented that the group's cotton lands in California, which cover 56,000 acres, now provide a valuable hedge against inflation, in addition to contributing healthily to group profits. The land, which has a book value of $195 an acre, is worth about $1,000 an acre as a result of the land boom in California.

The company's U.S. certified claim against the Cuban Government is now put at some $300m, including both the interest rate agreed by the U.S. Government and also the claims of two subsidiary companies. The U.S. Government has insisted that settlement of claims against the Cuban Government must be a part of any general settlement between the two countries.

Complaints filed against Resorts International

BY JOHN WYLES

NEW YORK, Oct. 9.

A SHADOW has been cast over Resorts International's prospects of continuing to enjoy its monopoly of legalised gaming at New Jersey's Atlantic City, following complaints filed by the state's Attorney-General.

The company has been operating its Resorts International Casino Hotel on a temporary licence since late May and its application for permanent authority will be decided by the New Jersey Casino Control Commission by the end of the year.

On the surface, it appears unlikely that its application will be refused, but the litany of eight complaints from the NJ Attorney-General may be used to force the company to change certain aspects of its operations, including lowering its minimum bet for blackjack and roulette of $25.

Resorts has already been fined $39,000 by the Casino Control Commission for infractions of regulations during its early days of operation, which were notable for a much larger than expected number of would-be gamblers. The company claims in a preliminary statement issued over the weekend that the latest batch of complaints also relate to the early weeks of its operations and that they are not serious enough to "cause suspension of our temporary licence nor to impair granting of the permanent licence."

These words are intended to still anxieties among the many individual investors who have participated in the speculative bubble which has inflated the company's stock to astronomic levels in recent weeks. Although the buying fervour has eased somewhat recently, investors' expectations are running high because the casino's gross revenues by the end of September had reached $82.8m which puts its performance substantially ahead of the best Las Vegas operation.

In the latest complaints, the Attorney-General has accused the company of failing to develop adequate internal controls to prevent "collusive and fraudulent behaviour by its behaviour by its employees. As a result, the Casino was robbed of a tray of gambling chips worth $14,260 while the sum of $180,000 is also missing. According to Resorts, this is probably due to "overpayment to the public by inexperienced help."

Chemical Bank buys back loans

NEW YORK, Oct. 9.

CHEMICAL BANK has repurchased about $500m of loans it had sold to its Nassau branch in the Bahamas.

The move came to light when the Federal Reserve Bank of New York reported a large increase in business loans on the books of New York banks. At the time, the Federal Reserve Bank noted that the figure could be misleading because it contained a technical transfer of loans by one unidentified bank.

Chemical Bank confirmed that it had replaced the loans on its New York books, but declined to specify the exact amount.

The Bank said the action was facilitated by a recent easing of reserve requirements by the Federal Reserve System. Previously, when a bank's U.S. office borrowed so-called Eurodollars from an overseas branch, it had to keep 4 per cent of the sum as a reserve. In August, the Fed eliminated that requirement in an attempt to aid the U.S. dollar on foreign exchange markets.

A spokesman for Chemical Bank said that by keeping the loans in the New York office, the bank can cut down the amount of paperwork required to service the credits. AP-DJ

Optimism on earnings this year at Esmark

FRANKFURT, Oct. 9.

ESMARK'S net earnings and revenues for the year to October 28, 1978, will be slightly above the previous year's level, though fourth quarter earnings and revenues will be significantly up, the company president, Mr. Donald Kelly, said.

In fiscal 1977, Esmark made a net profit of $66.97m on sales of $5.28bn.

Mr. Kelly was speaking at a presentation to mark the introduction of company shares on the Frankfurt and Duesseldorf bourses.

Esmark is keen to create a company structure flexible enough to encompass broader diversification, particularly in consumer-related activities, such as personal products, food services and packaged automotive consumer goods.

It will prudently expand its activities in these fields and intends to make related acquisition, though Mr. Kelly declined to specify what companies will be acquired.

Any future acquisitions will be based on an exchange of shares, as was the case in the merger of Pemcor into a wholly-owned subsidiary of Esmark, when a one-for-one exchange for each Pemcor common share was aproved.

The acquisition of the Swedish company Astra AB, a subsidiary of Wallco, by Esmark unit International Playtex, is proceeding well and it will probably merge with Playtex by the end of this year.

Mr. Kelly is optimistic about STP Corporation's future contribution to Esmark's growth in the automotive consumer product sector. Esmark acquired STP in May.
Reuter

Firestone recall

Firestone Tire and Rubber announced the recall of about 1,000 longhauler truck tyres sold in the replacement market, reports AP-DJ from Akron. The company said some of the tyres produced this April may have contamination under the tread belts that could result in tread separation. Registered owners of the tyres are being notified by mail.

MEDIUM-TERM CREDITS

South East Asian credits negotiated

BY FRANCIS GHILES

SOUTH Korea's Exim Bank has mandated First Chicago and UBAF to raise $200m for 10 years on a spread of ⅝ per cent for the first two years rising to ¾ per cent with three years grace. These terms are not quite the breakthrough for the borrower they may at first appear insofar as he is paying a management fee of ⅝ per cent, which is ⅛ per cent higher than is customary for a prime South Korean borrower. The yield for the banks on this loan is thus not affected by the fall in the spread.

Another South East Asian borrower is arranging a loan. Atlas Consolidated Mining and Development Corpoartion, a private company in the Philippines, is refinancing an $80m loan raised two years ago on cheaper terms. The borrower is paying a spread of 1¼ per cent for eight years. Joint lead managers are Bank of America and Hongkong and Shanghai Banking Corporation.

The Republic of Ecuador is arranging a $350m ten-year loan with a grace period of three and a half years. The borrowers will pay a spread of ⅞ per cent for the first three and a half years rising to 1 per cent. The joint lead managers of this loan are Bank of America and Citicorp. Ecuador's Monetary Board still has to grant its final approval.

Two African borrowers are currently arranging small size loans. The Tunisian state controlled Compagnie Phosphatière de Gafsa is raising $15m for seven years with three and a half years grace on a spread of ⅞ per cent throughout. The deal is guaranteed by a group of Tunisian banks and is part of a larger package which includes Coface credits worth FFr 16... FRAB Bank is lead manager of the dollar-denominated loan with Société Generale de Banque acting as co-lead manager. The management fee on the $15m tranche is understood to be between ... and ½ per cent.

Further south, the Capital City Development Corporation of Malawi is raising $12m for ... years on a spread of 1⅞ per cent from a small group of banks led by Citicorp. These funds are earmarked for the further development of the country's new capital, Lilongwe.

The Portuguese national airways company, TAP, is arranging a $12m three-and-a-half year credit on a spread of 1½ per cent through a small group of banks led by Chase Manhattan Ltd. This is part of a larger, longer maturity package, funds for which are provided by the U.S. Exim Bank. The borrower is also understood to be raising at least $25m from Banco Totta y Acores on a spread of ... per cent. The maturity is believed to be eight years.

The $120m ten-year loan which carries a spread of ⅝ per cent for the first three years rising to ... per cent for Norsk Hydro, which is being arranged by Citicorp, is not a refinancing as mistakenly written last Friday.

The $12m seven-year loan on a spread of 1⅞ per cent for the private Greek borrower Piraiki Patraiki Cotton Manufacturing Company is being jointly managed by Bankers Trust International and Manufacturers Hanover Trust.

Share buying scrutiny faces Pillsbury

MINNEAPOLIS, Oct. 9.

PILLSBURY COMPANY said it and Green Giant have received a request for additional information from the Federal Trade Commission on Pillsbury's previously announced cash tender offer for Green Giant common stock.

Both companies said they will comply with the request.

The companies announced on September 18 a plan for a tender offer for Green Giant common stock at $37.25 a share cash for 1.8m Green Giant shares or, under certain conditions, for up to 2.2m shares.

The cash tender offer will be followed by a merger in which the remaining shares of Green Giant stock outstanding will be exchanged for Pillsbury common stock.

The companies said the tender offer is still scheduled to begin on or about October 10.
Reuter

Avid eyes on insurance groups

NEW YORK, Oct. 9.

INSURANCE COMPANIES traditionally good cash producers, are being acquired these days by capital-hungry, cyclical businesses like brokerage firms, some analysts have pointed out.

It was hardly a surprise earlier this week when Merrill Lynch and Co. announced it is having merger talks with Amic Corporation, a holding company for American Mortgage Insurance Company, which provides insurance for lenders against loss on presidential mortgage loans.

The acquisition of Amic would fit into Merrill Lynch's plan to become a "financial supermarket" offering a broad range of products, including insurance and real estate.

The impetus for diversification among Wall Street firms has accelerated since the introduction of negotiated commission rates on stock transactions in May of 1975 adversely affected profit margins for many brokerage businesses.

Another stimulus to diversification has been the threat of further mergers or take-overs of Wall Street firms that cannot raise enough capital to survive alone.

"It's a circular argument," said Mr. Michael Lipper, president of Lipper Analytical Distributors. "To get capital, you have to diversify and to diversify, you need capital."

Merrill Lynch entered the insurance business four years ago by buying Family Life Insurance, a Seattle company providing mortgage protection life insurance to homeowners.

Today, with interests in asset management, commodities, employee relocation, and real estate, the percentage of Merrill Lynch's revenues derived from security commissions has dropped to 32.5 per cent from 46.9 per cent in 1973.

Diversified services of Merrill Lynch now constitute 7.5 per cent of total revenues and are expected to make up a much more significant portion of revenues and profits in five to 10 years, according to Mr. Dakin B. Ferris, executive vice-president of Diversified Financial Services.

The Wall Street firms, apart from Merrill Lynch, that have already diversified into insurance are Dean Witter Organisation, which bought Surety Life Insurance Company at the end of 1976, E. F. Hutton Group, which acquired Life Insurance Company of California at the end of 1977, and Bache Group, which purchased Alfred M. Bender Company last January.

In late 1976, Shearson Hayden Stone failed in its attempt to buy Orion Capital Corporation, and Paine Webber has not been able to make a deal yet.

Although Merrill Lynch in its annual report called Family Life the "star performer" of its diversified services, in most cases it is too early to tell how Wall Street firms are faring in insurance. Other observers doubt whether they can compete with the big national insurance concerns.

Another popular and growing area of diversification on Wall Street is real estate, said an analyst at Paine Webber.

Some firms, however, such as Donaldson Lufkin Jenrette, have not found the going easy.

Jenrette called real estate a poor choice for securities firms because its cycle is similar to that of the stock market. Mr. Richard Jenrette, chairman of DLJ, noted that interest rates are close to 10 per cent again, and predicted they will "break the back of the bull market in real estate."

Nevertheless, other firms, including Merrill Lynch, see real estate as an attractive investment over the long-term.
Reuter

EUROBONDS

Trading in Deutschemark issues remains thin

BY OUR EUROMARKETS STAFF

WITH the dollar sector of the bond market virtually closed at present, the DM sector remains the only one where some activity is visible; yesterday even in this sector, turnover was very thin with prices closing mixed.

Two new private placements have been arranged in this sector: Commerzbank International SA, the Luxembourg subsidiary of Commerzbank is making a private placement on its own behalf of DM100m. The bonds will mature in 1983 and carry a coupon of 5 per cent. They will be priced at 99½ and they will be wholly underwritten by the Frankfurt parent.

Meanwhile, Deutsche Bank is arranging a DM 50m private placement for Eurofima, the European railway financing organisation based in B... Final terms include a coupon of 5½ per cent for a ... maturity. The bonds will have an average life of ... and a half years, and are priced at 99½.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asa Akt. 9½ 88	25	97½	98	+0¼	+0¼	9.64
Australia 8 82	350	96½	96¾	+0	+0	9.39
Australia 8.45 83	175	98½	98¾	−0½	−0½	9.08
Australia 9½ 93	75	99⅝	100⅛	−0¼	+0	9.33
Beatrice Foods 7⅞ 83	100	95⅞	96⅜	−0⅛	−0⅛	8.94
CECA 8¾ 87	50	96¾	97¼	−0¼	+0	9.27
CECA 9 93	25	99¼	99¾	+0¼	+0	9.06
CECA 9½ 98	25	100½	101	+0	−0¼	9.17
CNT 9 93	75	98½	99	+0	+0¼	9.16
Canada 8 83	250	96½	97	+0	+0	9.08
Canada 8.20 85	250	96¼	96¾	−0¼	−0⅜	9.11
Canada 8⅞ 98	250	95¾	96¼	−0¼	+0	9.29
Canadair 8¾ 83	70	97¼	97¾	+0	+0	9.32
Dominion Brdg. Co. 9 86	25	95¾	96¼	+0	+0	9.84
EIB 8⅞ 85	100	97¾	98¼	−0¼	+0¼	9.24
EIB 8½ 86	75	98¾	99¼	—	—	9.26
EIB 9½ 93	100	98¾	99¼	+0¼	+0	9.27
EIB 9½ 98	125	98¼	98¾	—	—	9.51
EIB 9⅝ 98	100	99¼	99¾	−0⅜	−0⅞	9.52
Elsam Jutland 9 85	25	97	97½	−0⅛	+0¼	9.62
Eksportfinans 9 86	50	98¼	98¾	+0¼	+0¼	9.28
Export Develpmnt. 8.6 83	125	98¼	98¾	+0	−0¼	9.15
Finland 9¼ 83		98¾	99¼	−0¼	−0¼	9.28
Finland 9 88	100	97⅞	98⅜	+0¼	+0¼	9.51
Hospital O/S 9 83	25	96½	97¼	−1½	−1½	9.95
I/C Industries 9 85	35	97¾	98¼	+0¼	−0¼	9.45
Itel Finance 9⅞ 85	25	98¾	99¼	−0¼	−0⅜	9.94
Itel Finance 9¼ 90	20	98¼	98¾	—	—	7.99
Ito-Yokado 9½ 83	20	99¾	100¼	+0⅜	+0¼	9.29
J. C. Penny 8½ 83	100	97½	98	−0⅛	+0⅛	9.20
Mac Bloedel 9¼ 90	50	98¼	98¾	+0	+0¼	9.45
NZ Dev. Fin. 8½ 87	20	95¾	96¼	+0	+0	9.37
NZ Dev. Fin. 8¾ 85	20	95½	96¼	+0¼	+0	9.27
Nat. West. 9 86	75	100¼	100¾	+0	−0¼	8.88
Newfoundland 9½ 90	50	99	99½	−0¼	−0⅜	9.36
Nord Inv. Bk. 8⅞ 88	25	97¼	97¾	+0⅛	+0⅛	9.17
Norges Komm. 9½ 98	75	98¼	99	−0⅜	−1¼	9.49
Norway 7⅞ 83	250	95¼	95¾	+0	+0⅛	9.31
Norway 8½ 83	125	96¾	97¼	−0¼	+0	9.18
Norway 8⅞ 93	150	98⅞	99¼	−0⅛	+0	9.18
Occidental 8⅞ 85	75	95¾	96¼	−0¼	−0⅛	9.82
Ont. Hydro 8⅞ 85	125	96⅞	96⅞	+0	+0¼	9.26
Quebec Hydro 9½ 93	50	99¼	99¾	−0⅛	+0	9.57
Sweden 9½ 98	125	99¼	99⅞	+0¼	+0	9.51
United Kingdom 8¾ 83	200	98	98½	+0	+0	9.05
United Kingdom 8⅞ 93	150	98¼	98⅞	+0¼	+0⅜	9.28

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week
Asian Dev. Bk. 5⅞ 88	15	97½	97⅞	−0⅜	−0⅛
Australia 6.6 90	50	100⅛	100⅝	+0	+0⅛
BFCE 6.4 90	30	96¼	97½	+0⅛	+0⅛
Eurofima 6.3 90	10	96½	97	+0⅛	+0⅛
Finland 6.7 88	25	98½	99	+0⅛	+0⅛
Norway 5.7 83	25	102⅞	103⅜	−0⅛	+0⅛
Oslo, City of 6.6 90	15	97⅞	98⅜	+0	+0⅛
SNCF 6.6 90	20	97⅞	98⅜	+0⅛	+0⅛
Sweden 6.3 90	40	95½	96	+0⅛	+0⅛

OTHER STRAIGHTS

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Perstorp beats its forecasts

BY WILLIAM DULLFORCE STOCKHOLM, Oct. 9.

PRELIMINARY figures for 1977-1978 from Perstorp indicate that the Swedish chemicals concern has once again surpassed its growth forecasts. Turnover rose by 24 per cent to SKr 1.16bn (U.S.$263m) while pre-tax earnings climbed by as much as 42 per cent to SKr 78m (U.S.$17.7m) in the financial year ending August 31.

The board proposes to pay shareholders a dividend of SKr 4.25 a share, an increase of SKr 0.92 when adjusted for last year's bonus issue. It also recommends a new one-for-five issue of 316,800 B shares at SKr 130 to raise the share capital to SKr 95m.

Mr. Karl-Erik Sahlberg, managing director, says that Perstorp needs to widen its capital base, as it approaches a new period of strong expansion, during which it will be investing heavily in existing and new plant. Some 72 per cent of company sales were made outside Sweden in the last financial year, with foreign turnover growing by 32 per cent.

The only unit which did not increase its earnings in 1977-78 was the small consumer division, which relies on the domestic market. Perstorp's traditional exports of decorative laminates had a substantial volume increase, while the investments in new products are now beginning to contribute to earnings.

The pre-tax profit is struck after cost-calculated depreciation but in the final report for 1977-78 Perstorp proposes to switch to planned depreciation, to conform with current Swedish and international practice. This will improve the pre-tax figure by about SKr 13m and the equity-to-debt ratio by two points to around 35 per cent.

Investments in fixed assets during 1977-78 amounted to more than SKr 75m, of which SKr 30m went to the foreign subsidiaries. Liquid assets available at the end of the financial year totalled more than SKr 70m or roughly the same as at the beginning of the year.

Ibel to buy ONATRA holding from Pakhoed

BY CHARLES BATCHELOR AMSTERDAM, Oct. 9.

PAKHOED HOLDING, the international oil-handling transport and property group, is to sell a 70 per cent shareholding in the French road haulage company ONATRA to the Belgian holding company, Ibel.

Pakhoed originally took a 50 per cent stake in the French company six years ago with the aim of expanding it into a European haulage group. It enlarged its operations and raised its stake to 100 per cent but then decided to back out of plans for setting up on a Europe-wide basis. Pakhoed has been looking for a purchaser for some time since ONATRA no longer fits into the Dutch company's range of activities. ONATRA is headquartered near Marseilles.

Pakhoed gave no detailed figures of Onatra's operations but its last annual report said that, "as in the year before, ONATRA made an important contribution to the transport division's result." It employs 700 and has a fleet of 670 towing units. The sale will lead to a reduction in the transport division's profits but the proceeds of the sale will allow a reduction in interest charges.

A spokesman for Pakhoed said the sale was not motivated by the need to raise cash. Pakhoed recently reported a loss for the first half of 1978 of Fl 4.3m ($2.1m) compared with a profit of Fl 16.8m but liquidity is strong due to Fl 225m of property sales.

The approval of the French authorities is still required before the deal can go through. Ibel is an Antwerp-based holding and investment group with interests in shipping and transport, photochemicals, publishing and property.

Winefood losses will be lower

ZURICH, Oct. 9.

LOSSES of the Winefood group of Italy, which Credit Suisse took over in the wake of last year's scandal at its Chiasso branch, will be much lower in 1978 than those of 1977, which exceeded L14bn ($17m). By next year it should be in profit.

This was stated by the bank's deputy general manager, Mr. Hugo von der Crone, who said in Italy during the weekend that Credit Suisse would not be able to put a final figure on its Chiasso losses until about 1985.

By then it should have disposed of all assets of Texon Finanzanstalt, of which Winefood is the largest. Texon's assets were pledged to the bank in April of last year after the improper channelling of some SwFr 1.2bn of clients' funds to Texon. Reuter

Credito Italiano in Hong Kong

BY OUR OWN CORRESPONDENT HONG KONG, Oct 9.

Credito Italiano, one of Italy's leading banks, will establish a regional representative office in Hong Kong before the end of this year, the bank's managing director, Dr. Mario Rivosecchi, announced here. Credito Italiano will be the first Italian bank to have its own office in Hong Kong.

The bank has had a representative office in Tokyo for several years, and is a shareholder in the Orion Bank, which is represented in Hong Kong by a wholly-owned subsidiary, Orion Pacific.

French sugar talks

Raffineries du Sucre de Saint Louis and Sucreries et Raffineries Bouchon et Pajot said they are studying a possible merger of their activities, but gave no further details, Reuter reports from Paris. Saint Louis's capital is FFr 122m ($28m) and Bouchon's capital FFr 40m.

Norwegian bank lifts interim earnings

By Fay Gjester

OSLO, Oct. 9.

DEN NORSKE Creditbank, Norway's largest commercial bank, reports substantially better results for the first eight months of 1978 than in the same period last year. Profits before tax and depreciation rose to NKr 187.1m ($37m), from NKr 131.8m.

The improvement partly reflects a rise in net interest income, from 2.40 per cent to 2.51 per cent of average capital employed, but is mainly due to exceptionally high earnings on foreign currency transactions during the period.

A new type of savings account, offering favourable rates on long-term deposits, helped boost savings account deposits by 17.4 per cent in the year to end-August. Deposits by business and industry rose less sharply, however, so that the total rise in deposits was only about 10 per cent.

In May, the Government announced that banks must gradually curb lending, so that loans in November and December would not be more than 9 per cent above the level of the year earlier. To conform with this rule, the bank restricted its lending to all groups of customers, and at the end of June, July and August was within the credit limits set by the authorities.

The eight-month report remarks that the value of the bank's bearer bond holdings fell by about NKr 110m following the general rise in interest rates at the New Year. The portfolio now represents "a considerable latent loss," part of which will probably be taken in the final four months of this year when some of the bonds will be sold.

ISS deal with PBM

By Hilary Barnes

COPENHAGEN, Oct. 9.

ISS, the Danish industrial cleaning corporation, has negotiated a deal giving it 51 per cent control of the Prudential Building Maintenance Corporation, of the U.S. ISS has bought 500,000 PBM shares at $14 a share, while PBM is to issue 250,000 shares at the same price to ISS. This will give ISS 33 per cent of PBM's capital at a price of $10.5m. In addition the main shareholder and chairman of PBM, Mr. Leo R. Fink, has assured ISS of voting rights covering a further 18 per cent, giving ISS effective 51 per cent control. The fast expanding Danish company had about 40,000 employees worldwide at the end of last year. PBM has about 11,000 employees.

SNECMA capital

Societe Nationale d'Etude et de Construction de Moteurs d'Aviation (SNECMA) is to raise its capital to FFr 411m from the current FFr 336m, AP-DJ reports from Paris. The company, which makes aero engines, will issue 752,076 new shares of FFr 100 nominal value at a price of FFr 133, eligible for dividend payment from January 1, 1978. Pratt and Whitney of the U.S. owns about 9 per cent of SNECMA's capital. The French Government owns about 84 per cent.

French banks come to Gazocean's rescue

BY DAVID CURRY PARIS, Oct. 9.

TWELVE FRENCH BANKS are coming to the rescue of the shipping group, Gazocean, which claims to be the world's biggest owner of vessels to carry liquefied petroleum gas. They are buying the methane carrier "Ben Franklin"—with a capacity of 120,000 cubic metres of gas—for FFr 412m ($96m), which is exactly the amount of the credits they are owed by Gazocean.

The vessel has been in mothballs since its launch in 1975, but in 1982 it is due to be chartered to Pacific Indonesian Charter to carry gas between Indonesia and the U.S. At the expiry of this charter in 1994 the "Ben Franklin" will revert to Gazocean ownership.

The deal will represent a capital gain of some FFr 170m for Gazocean, which will be used to restore some equilibrium to its balance sheet.

At the same time, charterers of Gazocean vessels are being asked to agree to an increase in charges. Companies concerned are the Compagnie Generale Maritime, Ocean Gas Transport of the UK and Oceangas of Italy.

Finally, it is planned to increase the company's capital, but this is the vaguest part of the rescue plan since the shareholders have yet to agree on a course of action.

Gazocean hit serious trouble 15 months ago, when it had to be taken into judicial control. The Middle East war, the technical difficulties in bringing liquefaction plants on stream, and the hesitations over U.S. energy policy were held responsible for its difficulties. In July 1977, the Moroccan Phosphates Office (Office Cherifien des Phosphates) took a minority stake, but this new capital proved insufficient.

Earlier this summer, Gazocean ceded control of its Technigaz engineering and design subsidiary to Amrep.

The Moroccans are the leading shareholders with 25 per cent which, apparently, they are not anxious to increase. The Boudet family holds 16 per cent, with smaller stakes owned by Chargeurs Reunis, Alsthom-Atlantique, Compagnie Generale Maritime and Paribas.

There is no guarantee that the latest plan will provide a permanent solution to the company's problems. According to the World Tanker Fleet Review published in London by John I. Jacobs, the world liquefied natural gas fleet will almost double by 1982 with the launch of 27 methane carriers with a 3.4m cubic metre capacity. By the end of the decade capacity to carry liquefied petroleum gas will rise by 50 per cent, with 30 ships of a 2m cubic metre capacity to be launched.

Last June, according to this survey, 13 methane carriers were already laid up representing a third of carrying capacity, as were 10 petroleum gas carriers representing some 500,000 cubic metres out of a world capacity of 4m cubic metres.

EUROPEAN SHIPBUILDERS

Leaning on the fishing industry

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE LATEST set of shipbuilding market forecasts from the Association of West European Shipbuilders will not raise the spirits of the world's shipbuilders.

The association has revised downwards—by about 3 per cent—its previous expectations of global shipbuilding requirements in the period to 1985 and the blunt implication from the figures is that the industry faces a halving of its workforce in the next couple of years.

It is impossible to be precise, of course, because apart from the uncertainties of predicting levels of trade—where the association depends upon standard OECD forecasts—there are uncertainties about the extent to which Governments will go on buying work for their yards by subsidising prices.

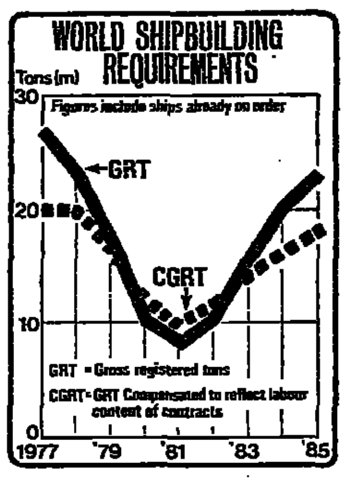
This is the reason why the association speaks of ship requirement rather than demand. Requirement represents the level of demand if shipowners only buy exactly the ships required to move the world's goods, but of course no market works like that.

But in spite of the limitations of any set of forecasts in an industry characterised by the largesse of governments in preserving shipbuilders' jobs and the entrepreneurial zeal of shipowners determined to exploit slump conditions by making bargain buys, the AWES figures contain some interesting trends.

Apart from predicting the halving of requirement between 1976 and 1980, as the graph shows, there are also important changes of balance within this depleted order book.

The most remarkable is that in the 1978-85 period, non-cargo carrying vessels — such as trawlers and floating fish factories — are expected to account for almost one third of the industry's total output—31m gross compensated tons out of a total of 110m cgrt. (Compensated tons are an internationally agreed measure of the labour content of ships rather than a straightforward indication of size.)

This class of non-cargo carrying ship is normally regarded an afterthought in the world orderbook, but because of the severe overcapacity in oil tanker and bulk carrier fleets, it has taken on a new importance. In the review period, tankers and bulk carriers together will account for only 24m cgrt.



Although general and specialised cargo ships will still represent 40 per cent of the output, the most remarkable shift in the balance of demand lies with non-cargo carrying vessels, which at 31m gross compensated tons are expected to account for almost one-third of the shipyard output during the period 1978 to 1985.

The other ship type which will continue to be in demand, AWES believes, is the general and specialised cargo ship, for which a requirement of 46m cgrt is foreseen.

This is the market for which the world's shipyards are now rather desperately preparing themselves.

Within Europe, although the EEC's efforts at a central restructuring strategy have collapsed, most national governments have made some progress in reducing their shipyard capacity.

The Swedish Parliament has a plan before it to almost halve the industry's 20,000 workforce: Spain expects a 40 per cent reduction in the next four years, the Dutch are battling with trade unions to rationalise the RSV group and the Norwegian Government has decided to cut most of its subsidy lines to its shipbuilders.

Countries with smaller shipbuilding interests, such as Belgium and Denmark, seem likely to go on resisting severe cuts. In Britain, the one-year-old nationalised corporation British Shipbuilders, is putting the finishing touches to a corporate plan which cannot avoid a requirement for heavy redundancies.

Meanwhile Japan, the established producer of around half the world's ships for many years, is processing a plan to reduce capacity by 35 per cent.

Although attention will continue to be focused, inside the OECD's shipbuilding working party and elsewhere, on this battle of numbers and redundancies, the deeper issue is which countries can adapt their industries to the changed circumstances in world shipping and gear up to produce the more sophisticated, smaller ships which will be in demand in the coming years.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Kowloon Wharf profits up 49%

By Our Own Correspondent

HONG KONG, Oct. 9.

HONGKONG and Kowloon Wharf and Godown Company, the diversified transport and property development group, increased its interim pre-tax profits by 49 per cent to HK$69.1m (U.S.$14.6m).

The group says that the second half of 1978 should produce results as good as those in the first half, and that net earnings before extraordinary items — which were HK$49.3m in the first half—should be not less than HK$100m for the year as a whole.

All divisions showed improved results in the first half, giving, it was said, "balanced growth" from the office, retail and warehouse investment properties, and from the group's hotel and public transport interests. Work on the major project in Kowloon — a hotel, office and residential complex—is now getting under way.

An interim dividend of 15 cents a share is being paid and a final dividend of not less than 61 cents is forecast.

Wah Kwong increase

Wah Kwong Shipping and Investment Company of Hong Kong had consolidated first-half net profits of HK$35m (U.S.$7.4m), compared with HK$31m. The company forecast the final dividen will be not less than 22 cents, compared with 21 cents last year, Reuter reports from Hong Kong.

Hong Kong construction group's losses increase

BY ANTHONY ROWLEY

HONG KONG, Oct. 9.

HUTCHISON-BOAG, a property development, construction and trading conglomerate, which is roughly one-third owned by the Hongkong and Shanghai Banking Corporation, made pre-tax losses of HK$31m (U.S.$6.6m) in the first half of this year, to June 30. It is passing its interim dividend (2 cents last year).

After making pre-tax profits of HK$2.4m in the first half of 1977, the group swung heavily into deficit in the second half of last year, reflecting losses in a construction subsidiary. Further substantial provisions are now being made against these losses.

Hutchison-Boag, whose interim turnover rose by about HK$12m to HK$133m, made a trading loss of HK$936,000 in the first half, against a profit of just over HK$2m in the corresponding period of last year.

The group says that "further unanticipated increases in labour and material costs" became apparent in the first half and additional provisions had to be made by the subsidiary, Far East Engineering and Construction (FEEC), in respect of uncompleted contracts, in particular those for the Mass Transit Railway Corporation and the Cho Yiu Chuen housing estate.

Provisions amounting to HK$13m were made against these two contracts in the financial year 1977, and additional provisions totalling HK$27.3m have been included in the interim results, as exceptional losses to cover further expected contract losses and operating expenses to be incurred in completing the contracts.

Further provisions totalling HK$3.2m, relating to wind-down costs, have been included as extra-ordinary items.

"The contracting division of the company has had a disappointing first half and will not contribute to profits for the year ending December 31, 1978," Hutchison-Boag said. "The Board has reviewed the viability of the contracting division and considered it prudent to make provisions totalling HK$ 3.54m to cover both anticipated losses on stock and debtors, and further operating costs."

Hutchison-Boag added that, in the light of "unsatisfactory conditions," affecting the group, the Board had decided to run down the activities of FEEC. It was also considering "the alternative courses of action open to the company in the light of the substantial reduction in shareholders' funds that has occured and the underlying profitability of the company's remaining activities."

Gain at Anderson Asia

BY RON RICHARDSON

HONG KONG, Oct. 9.

TWO LISTED subsidiaries of the conglomerate, Hutchison Whampoa have reported higher profits for the first-half of the year. Anderson Asia (Holdings), a quarry operator and ready mixed concrete supplier, reported consolidated net profit, subject to audit, of HK$20.33m (U.S.$4.3m), strongly from the HK$8.93m earned in the corresponding period of the previous year.

The earlier figure excluded a profit of HK$4.68m earned by Asia Stone Company, which was taken over by Anderson in the second-half of last year. Asia Stone's earnings are consolidated into the latest figures, so that the effective profit rise is 49 per cent. The interim dividend on capital increased by a one-for-10 scrip issue is 11 cents a share compared with 8 cents last year. The final dividend, on the smaller capital, was 12 cents.

A. S. Watson, the retailing, trading and drink bottling group in which Hutchison Whampoa holds a 52 per cent stake, earned a 19 per cent higher consolidated net profit of HK$2.60m (U.S.$550,000) in the half-year and has lifted its interim dividend by 2 cents to 12 cents. Last year this was followed by a final payment of 15 cents.

Chrysler Australia accord with Mitsubishi

TOKYO, Oct. 9.

THE MITSUBISHI Motor Corporation has reached a basic agreement with Chrysler Australia Ltd to help Chrysler Australia reconstruct its business, Reuter reports.

A Mitsubishi spokesman would not confirm a Japanese newspaper report in the Japanese daily newspaper, Nihon Kogyo Shimbun, that Mitsubishi had decided to acquire a 30 per cent to 35 per cent stake in Chrysler Australia.

Possible participation by Mitsubishi in Chrysler Australia's capital will be one of the topics to be discussed in the U.S. later this week between Mr. Tomio Kubo, president of Mitsubishi, and the Chrysler Corporation, which owns 15 per cent of Mitsubishi and 97 per cent of Chrysler Australia.

● Plans for Mitsubishi Motor to take a capital stake in Chrysler Australia have been under consideration for some months.

The two companies have been linked through the 15 per cent stake since 1971. Against this background, marketing agreements have been formulated between the companies. Chrysler sells a large number of Mitsubishi cars in the U.S., whereas Mitsubishi is selling Chrysler vehicles in Japan.

Losses incurred by Chrysler Australia continued to mount during 1978.

Nippon Kokan plans cut in shipbuilding capacity

TOKYO, Oct.

NIPPON KOKAN KK (NKK) has drawn up a plan for a 40 per cent reduction in its shipbuilding capacity output covering its three shipyards.

The plan, on the basis of a recommendation by the Japan Shipbuilding Rationalisation Council that the Japanese shipbuilding industry should cut its overall capacity by an average 35 per cent, has already been presented to the union, NKK said.

The Rationalisation Council recommendation requested seven major shipbuilders including NKK, to cut their capacity by 40 per cent. Moves in line with this have been made by other leading shipbuilders.

The plan calls for the closing down or scrapping of a part of a 500 metre long, 500,000 dwt ton capacity dock at its Tsu shipyard in central Japan, a 190,000 dwt dock at Tsurumi shipyard, near Tokyo, and a 34,000 dwt dock at Shimizu shipyard, west of Tokyo, the company said.

NKK has not yet reached a decision on cuts in the workforce or changes in working conditions connected with the plan.

The three shipyards have 9,300 workers, and their combined shipbuilding capacity totals 2.6m dwt a year.

SHOWA DENKO KK, the di[...]sified chemical company, notified its labour union [...] plan to lay off 453 employ[...] over 40 years old for a peri[...] 2½ years.

Employees to be laid off [...]sist mainly of those assigne[...] the ferro-alloy plants of Sho[...] affiliated companies. The c[...]pany proposes to pay 60 per [...] of their wages and 50 per [...] of their bonuses during the [...] off period.

A recovery in the dom[...] ferro-alloy market will [...] more than two years, accor[...] to Showa Denko.

Reuter

Record sales and profit from Edward L. Bateman

BY OUR OWN CORRESPONDENT JOHANNESBURG, Oct. 9.

THE SOUTH African mechanical and electrical engineering company, Edward L. Bateman, has reported record turnover and profit figures for the year to June 30. Turnover rose by 66 per cent to R135.4m ($155.6m) and pre-tax profit by 12.5 per cent to R5.3m ($6.1m).

The managed contracts division has a record order book, accounted for by two major projects—a new uranium extraction plant and a new diamond recovery plant. But the directors foresee a slowing down in domestic mining plant expansions. The group is diversifying away from mining plant construction into the food and chemical markets, while increasing emphasis is being placed on developing export business.

On the capital equipment supply front the order book is also at a record level.

Strong revival for Dunlop Australia

By James Forth

SYDNEY, Oct.

A STRONG recovery in [...] second-half enabled Dun[...] Australia to keeps its [...] profit decline to 7.3 per c[...] from A$17.29m to $16[...] (U.S.$18.6m). Earnings in [...] first-half fell by 23 per c[...] from A$9.8m to A$7.5m, but [...] 13.5 per cent, from A$7.4[...] A$8.48m in the second [...] months.

The dividend is reduced [...] 10 cents a share to 4 cents; this is in line with state[...] made by the directors rec[...] when they announced a ca[...] return of A$23.6m, or 25 [...] for each ordinary share [...] A$1.00 for each prefer[...] share.

Group sales rose 6.4 per [...] for the year, from A$54[...] A$578m (U.S.$672m).

The directors said that [...] second-half performance [...] most encouraging. Sales [...] resumed an upward trend [...] stagnant market.

Sound progress had [...] achieved in all product g[...] except tyres, with results [...] automotive and industrial o[...] tions improving in the s[...] half, although the yield on [...] ment was still below an a[...] able level.

The directors said that [...] capital return would mark [...] end of a reconstruction st[...] in 1972, and signalled the st[...] a new growth phase. Dunlop [...] geared and prepared for [...] term growth, the directors [...] Provided there was no fu[...] deterioration in the eco[...] they expected increased p[...] substantially improved ear[...] a share and gearing at a hi[...] but acceptable level in [...] current year.

The profits for the latest [...] equalled 18.2 cents a share [...] pared with 19.7 cents in 19[...] Dunlop Holdings has a 5[...] cent in Dunlop Australia.

Bankruptcies in Japan fell last month

TOKYO, Oct. 9.

JAPANESE bankruptcies in September fell to 1,183 from 1,256 in August and from 1,540 in September last year, the Tokyo Commerce and Industry Research Company said.

The company, whose figures are used by the Bank of Japan for its bankruptcy statistics, said that debts involved in September rose to Y146bn ($77m) from Y131bn in August, but down from Y245bn in September last year.

Total bankruptcies in the first-half (April-September) of the 1978 fiscal year fell to 7,760 from 9,254 in the same 1977 period, with total debts involved cut to Y1.07 trillion (million million) from Y1.56 trillion.

The decline in corporate bankruptcies in the first half year reflected a recovery in the Japanese economy resulting from increased Government spending on public works, the company said.

The biggest bankruptcy in the period was Van Jacket Company, a clothing manufacturer, with debts totalling Y50bn.

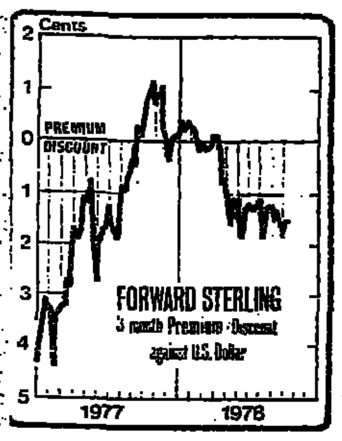
Reuter

Currency, Money and Gold Markets

Dollar steadies in quiet trading

Trading in yesterday's foreign exchange market was generally at a very low level. Conditions remained subdued with the closure of U.S. centres for Columbus Day and the Canadian market for Thanksgiving Day. The dollar traded within a very narrow range and showed a slightly firmer tendency towards the close although there did not appear to be any significant central bank intervention. Against the Swiss franc the U.S. currency was quoted at SwFr 1.5850 compared with SwFr 1.5860 on Friday while the West German mark weakened slightly to DM 1.9040 from DM 1.9025. Other currencies showed little change although there appeared to be an easing of pressure on the weaker members of the European snake.

Sterling traded very quietly within a day's range of only 1.9800-1.9835 after opening at 1.9825-1.9835 and closing at 1.9800-1.9810, a loss of just 10



points from Friday's close. Using Bank of England figures, the pound's trade weighted index was unchanged at 62.7, having stood at 62.6 at noon and in early dealings.

Forward sterling showed little movement with the three-month discount against the dollar narrowing slightly to 1.53c from 1.58c and the 12-month rate quoted at 5.75c compared with 5.80c on Friday. There was little reaction to the Ford management's announcement that it intends to negotiate freely with the unions in possible contravention of the Government's 5 per cent wage guide lines.

FRANKFURT—The U.S. dollar was fixed at DM1.9022 compared with DM1.9044 on Friday. Trading was quiet in the light of the public holiday in the U.S. and there was little in the way of fresh news to influence the market. The Bundesbank was reported to have bought over $4m at the fixing, a very small amount, reflecting the subdued conditions. Against 22 other currencies the Bundesbank trade weighted mark revaluation index eased to 150.7 from 150.9, up 4.3 per cent from the beginning of the year. Near the close of trading, the dollar was quoted at DM1.9035, slightly above its earlier levels.

After the heavy pressure exerted on Friday, the weaker members of the European snake were trading above their floor levels, although there was little to suggest that future pressure would not be maintained as long as the feeling remains that the D-mark would be revalued in a new European monetary system.

MILAN—In very light trading the dollar was fixed at L820.05 against L821.05 previously. The Swiss franc was slightly higher at L516.76 while the D-mark showed little change at L431.06 against Friday's L431.24.

PARIS—At the fixing the dollar eased somewhat to FFr 4.2907½ from FFr 4.3070 on Friday while the West German mark was firmer against the franc at FFr 2.2554 compared with FFr 2.2617 previously.

ZURICH—In early trading the dollar moved within a very narrow range in very subdued conditions. The closure yesterday of U.S. centres for a public holiday kept activity at a minimum and the dollar was trading at SwFr 1.5857½, slightly down from its opening level of SwFr 1.5875 while firmer in terms of the D-mark at DM 1.9010 against DM 1.8950.

TOKYO—The dollar was quoted at Y187.975 against the yen, slightly up from Friday's close of Y187.65 but sharply down from its opening level of Y189.0. The U.S. currency's initial firmness reflected its rise in New York although its opening level attracted little buying interest and the rate soon began to fall. As a result, trading was generally slow with spot turnover at $321m, and a very low total for combined forward and swap trading of $286m.

AMSTERDAM—The dollar was fixed at Fl 2.0605 compared with Fl 2.0695 on Friday.

THE POUND SPOT / FORWARD AGAINST £

Oct. 9	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	8	1.9800-1.9855	1.9800-1.9810	0.57-0.47c pm	3.16	1.58-1.48c pm	3.09
Canadian $	8½	2.3320-2.3370	2.3340-2.3360	0.70-0.60c pm	3.34	2.05-1.95c pm	3.43
Guilder	5½	4.07-4.10	4.08½-4.09½	⅞-1⅞c dis	-4.05	1¼-¼c pm	0.73
Belgian F.	6	58.25-58.55	58.40-58.50	15-30c dis	-4.54	15c pm-par	0.50
Danish K.	8	10.41-10.45	10.43½-10.44½	1¼-3¼ore dis	-2.59	6½-8½ore dis	-2.78
D-Mark	3	3.75½-3.78½	3.77-3.78	3⅝-2⅝pf pm	9.14	⅞-⅞pf pm	9.14
Port. Esc.	18	89.00-90.00	89.10-89.60	50-150c dis	-13.45	200-450c dis	-14.55
Span. Pes.	8	140.75-140.95	140.85-140.95	25-125c dis	-6.38	120-220c dis	-4.83
Lira	10½	1,623½-1,629½	1,624-1,626	5½-5¾ lire dis	-3.32	11-15 lire dis	-2.95
Nrwgn. K.	7	9.98½-10.00½	9.99-10.00	1½-3½ore dis	-3.30	5-7ore dis	-2.40
French Fr.	9½	8.48½-8.52	8.50½-8.51½	2⅛-1⅛c pm	3.17	7½-6½c pm	-3.17
Swedish Kr.	6½	8.64-8.67½	8.66½-8.67½	3½-1½ore pm	3.48	7½-6½ore pm	3.00
Yen	3½	370-378	373-375	3.25-3.00y pm	10.03	9.15-8.85y pm	9.63
Austria Sch.	4½	27.26-27.40	27.30-27.40	17-7gro pm	5.27	40-30gro pm	5.12
Swiss Fr.	1	3.13-3.15½	3.13½-3.14½	3¾-2¾c pm	12.41	10½-9½c pm	12.25

Belgian rate is for convertible francs. Financial franc 62.70-62.80.

Six-month forward dollar 3.25-3.15c pm, 12-month 5.80-5.70c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

October 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	84.81-84.90	84.81-84.84	par-0.02c pm	0.13	0.04-0.07c pm	0.25
Guilder	2.0585-2.0660	2.0630-2.0645	1.25-1.40c dis	-7.72	1.25-1.40c dis	-2.57
Belgian Fr	29.91-30.01	29.98-30.01	16-21c dis	-6.83	16-21c dis	-2.45
Danish Kr	5.2555-5.2675	5.2650-5.2675	2.30-2.80ore dis	-5.81	7.20-7.70ore dis	-5.66
D-Mark	1.8985-1.9045	1.9035-1.9045	1.04-0.99pf pm	5.72	2.98-2.93pf pm	6.03
Port. Esc	45.05-45.25	45.10-45.20	35-180c dis	-28.57	130-500c dis	-27.91
Lira	819.70-820.75	819.70-820.00	3.75-5.25lire dis	-6.59	11.5-13.5lire dis	-6.10
Nrwgn. Kr	5.0360-5.0445	5.0435-5.0445	2.00-2.90ore dis	-6.30	7.30-7.80ore dis	-5.99
French Fr	4.2850-4.2970	4.2940-4.2970	0.47-0.32c pm	1.10	0.45-0.30c pm	0.35
Swedish Kr	4.3630-4.3755	4.3745-4.3755	0.35-0.15ore pm	0.69	0.55-0.35ore pm	0.41
Yen	188.00-188.60	188.40-188.60	1.13-1.03y pm	6.26	3.15-3.05y pm	6.35
Austria Sch	13.76-13.82	13.81-13.82	4.00-3.00gro pm	3.04	2.50-6.00gro pm	2.30
Swiss Fr	1.5827-1.5875	1.5860-1.5875	1.30-1.25c pm	8.77	3.71-3.66c pm	9.07

* U.S. cents per Canadian $.

CURRENCY RATES

October 9	Special Drawing Rights	European Unit of Account
Sterling	Unavailable	0.673858
U.S. dollar	"	1.33341
Canadian dollar	"	1.57046
Austrian schilling	"	18.4906
Belgian franc	"	39.9524
Danish krone	"	7.02523
Deutsche Mark	"	2.53664
Guilder	"	2.74884
French franc	"	5.72216
Lira	"	1093.60
Yen	"	250.934
Norwegian krone	"	6.71288
Peseta	"	94.8425
Swedish krona	"	5.82821
Swiss franc	"	2.11467

CURRENCY MOVEMENTS

October 9	Bank of England Index	Morgan Guaranty changes %
Sterling	62.65	Unavailable
U.S. dollar	83.20	"
Canadian dollar	79.45	"
Austrian schilling	143.71	"
Belgian franc	112.85	"
Danish krone	116.24	"
Deutsche Mark	146.06	"
Swiss franc	204.90	"
Guilder	122.08	"
French franc	99.04	"
Lira	55.71	"
Yen	153.53	"

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 9	£	$		£ Note Rates
Argentina Peso	1,721-1,725	868.95-871.00	Austria	27.0-28.0
Australia Dollar	1.7065-1.7135	0.8615-0.8650	Belgium	62.20-63.20
Finland Markka	7.921½-7.981½	4.0025-4.0045	Denmark	10.40-10.60
Brazil Cruzeiro	37½-38½	18.93-19.43	France	8.45-8.55
Greece Drachma	71.064-72.084	35.88-36.40	Germany	3.72-3.82
Hong Kong Dollar	9.361½-9.381½	4.7320-4.7370	Italy	1590-1640
Iran Rial	136-142	70.45-70.65	Japan	371-381
Kuwait Dinar (KD)	0.533-0.543	0.27195-0.27205	Netherlands	4.05-4.15
Luxembourg Franc	59.40-59.60	29.99-30.02	Norway	9.93-10.03
Malaysia Dollar	4.443¼-4.461¼	2.2520-2.2570	Portugal	94-104
New Zealand Dollar	1.8579-1.8669	0.9380-0.9425	Spain	142½-147½
Saudi Arabia Riyal	6.54-6.64	3.3285-3.3305	Switzerland	3.10-3.20
Singapore Dollar	4.3575-4.3725	2.2060-2.2080	United States	1.98-1.99
South African Rand	1.7087-1.7348	0.8628-0.8760	Yugoslavia	40.0-42.0

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 9	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.981	3.775	374.0	8.508	3.143	4.080	1625.	2.336	59.45
U.S. Dollar	0.505	1.	1.906	188.8	4.296	1.587	2.065	820.2	1.179	30.02
Deutsche Mark	0.265	0.525	1.	99.07	2.254	0.832	1.083	430.3	0.618	15.75
Japanese Yen 1,000	2.674	5.295	10.09	1000.	22.75	8.402	10.94	4344.	6.242	159.0
French Franc 10	1.175	2.328	4.437	439.6	10.	3.694	4.808	1909.	2.744	69.88
Swiss Franc	0.318	0.630	1.201	119.0	2.707	1.	1.302	516.9	0.743	18.92
Dutch Guilder	0.244	0.484	0.923	91.44	2.080	0.768	1.	397.2	0.571	14.54
Italian Lira 1,000	0.616	1.219	2.324	230.2	5.237	1.934	2.518	1000.	1.437	36.60
Canadian Dollar	0.428	0.848	1.617	160.2	3.644	1.346	1.752	695.9	1.	25.47
Belgian Franc 100	1.682	3.331	6.350	629.1	14.31	5.286	6.860	2733.	3.927	100.

EURO-CURRENCY INTEREST RATES*

Oct. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	8¾-9¼	8¾-9	8¼-9¼	23-25	[illegible]	3⅝-3⅞	6¾-7	10-17	—	3⅛-3⅛
7 day's notice	10½-11	8⅞-9⅛	8¼-9¼	20-22	[illegible]	3⅝-3⅞	7¼-7½	15-18	8⅞-9⅛	1⅞-3⅛
Month	12-12¼	9⅛-9⅜	8¾-9⅛	15-16	[illegible]	3⅝-3⅞	9¼-9½	15-16	9⅛-9¼	2⅞-3⅛
Three months	12¾-13	9⅛-9⅜	9⅛-9⅜	10¾-11¾	⅜-½	3⅝-3⅞	9⅝-9⅞	14¾-15¾	[illegible]	3⅛-3⅜
Six months	13⅛-13¾	9⅞-10⅛	9⅜-9⅝	9¼-10¼	[illegible]	3⅝-3¾	9⅞-10⅛	14½-15½	9⅞-10⅛	3⅛-3⅜
One year	13⅛-13⅝	9⅞-10⅛	9⅜-9⅝	8¼-9¼	⅝-⅞	3¾-3⅞	10⅛-10⅜	14-15	[illegible]	3⅝-3¾

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.05-9.15 per cent; three months 9.55-9.65 per cent; six months 9.80-9.90 per cent; one year 9.80-9.90 per cent.

Long-term Eurodollar deposits: Two years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; five years 9⁷⁄₁₆-9⁹⁄₁₆ per cent nominal closing rates. Short term rates are call for sterling, U.S. dollars and Canadian dollars, two day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris call money rate cut

An abundant supply of funds pushed day-to-day money below 7 per cent in the Paris money market yesterday. It fell to 6⅞ per cent, the lowest level for 33 months, after trading at 7 per cent throughout last week.

Intervention by state-owned institutions prevented the rate from falling recently, but it now appears that the authorities are prepared to accept a lower rate for call money. There are no signs that the central bank discount rate is likely to be lowered in the near future however. This has stood at 9½ per cent since the end of August last year.

During the last week other market rates have tended to decline, with one-month quoted at 7 per cent, compared with 7¼-7⅜ per cent on the previous Monday; three-month at 7¼-7⅜ per cent, compared with 7⁷⁄₁₆-7⁹⁄₁₆ per cent; and six-month at 7⅝-7⅞ per cent against 7¹³⁄₁₆-8¹⁄₁₆ per cent.

AMSTERDAM—Call money was slightly easier, declining to 15-19 per cent from 17-20 per cent, but other money market rates were firmer. One-month rose to 15-17 per cent from 14-16 per cent; three-month to 12-13 per cent from 11½-12½ per cent; and six-month to 10-10½ per cent from 9½-10 per cent.

FRANKFURT — Call money eased slightly to 3.40-3.50 per cent from 3.45-3.50 per cent; and one-month to 3.50-3.60 per cent from 3.55-3.60 per cent. Longer periods were firmer however, with three-month rising to 4.00-4.10 per cent from 3.95-4.00 per cent; six-month to 4.10-4.20 per cent from 3.90-4.00 per cent; and 12-month to 4.20-4.30 per cent from 4.10-4.20 per cent.

BRUSSELS—Call money was firmer at 7-8 per cent, compared with 6½-7½ per cent on Friday, while other rates were unchanged at 7⅝-7⅞ per cent for one-month; 7⅞-8⅛ per cent for three-month; and 8⅞ per cent for six-month and 12-month.

SINGAPORE — Several banks have raised their prime rates following similar moves made by other banks at the beginning of last week. This week's increase was generally by ½ per cent to 7½ per cent, in common with the previous week, although Bankers Trust lifted its prime rate by ½ per cent to 7¾ per cent; International Bank of Singapore by ¼ per cent to 7¼ per cent; and Marine Midland Bank by ¼ per cent to 7¾ per cent.

HONG KONG—Conditions in the money market were easy, with call money commanding 8 per cent, and overnight dealt at 6 per cent.

GOLD

Weaker tendency

Gold traded quietly for most of the day and closed $1½ an ounce down at $221½-222½. The slightly weaker trend was mainly a result of a slightly firmer dollar and in very thin conditions, the small amount of selling that developed pushed down the rate. The metal was fixed at $222.45 in the morning after opening at $222½-223½. The afternoon fixing was unchanged from the morning.

In Paris the 12½ kilo bar was fixed at FFr 30,550 per kilo ($221.45 per ounce) compared with FFr 30,350 ($220.04) in the morning and FFr 30,500 ($220.25) on Friday afternoon.

	Oct. 9	Oct. 6
Gold Bullion (a fine ounce)		
Close	$221½-222½	$225-225½
Opening	$222½-223½	$225-225½
Morning fixing	$222.45 (£112.207)	$223.20 (£112.727)
Afternoon fixing	$222.45 (£112.156)	$223.1 (£112.691)
Gold Coins domestically		
Krugerrand	$228-231 (£115½-116½)	$230-232 (£116-117)
New Sovereigns	$62½-64½ (£31½-32½)	$62½-64½ (£31½-32½)
Old Sovereigns	$61½-63½ (£31-32)	$61½-63½ (£31-32)
Gold Coins internationally	—	—
Krugerrand	$228-231 (£115½-116½)	$229½-231½ (£115¾-116¾)
New Sovereigns	$60½-62½ (£30½-31½)	$60-62 (£30½-31½)
Old Sovereigns	$61½-63½ (£31-32)	$61½-63½ (£31-32)
$20 Eagles	$315-318	$315-318
$10 Eagles	$158-163	$158-163
$5 Eagles	$107-112	$107-112

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills from the discount houses. Payment of the rate support grant contributed to a sizeable excess of Government disbursements over revenue payments to the Exchequer, but on the other hand the houses chose to take-up a sizeable number of Treasury bills yesterday, and banks brought forward run-down balances from Friday.

Discount houses paid 8½-8¾ per cent for secured call loans in the morning, and closing balances were taken at 7-7½ per cent.

In the interbank market overnight loans opened at 8½-8¾ per cent and rose to 8¾-9 per cent, before easing to 8¼-8¾ per cent. Rates remained around that level until mid-afternoon, and then fell to 6-7 per cent, before rising to 8-8¼ per cent, and closing at 7-7½ per cent.

Fixed period interest rates were generally firmer, with the three-month interbank rate rising to 10⅛-10¼ per cent from 9⅞-10¹⁄₁₆ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 9 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6-9	—	—	—	9	7-8¼	—	—	—
2 days notice	—	—	8⅞	—	—	9¼	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8⅝-8⅞	9	—	9⅛	—	8⅝-8⅞	—	—	—
One month	9¼-9⅛	9⅛-9⁵⁄₁₆	9-9⅛	9½-9⅞	9¾	9½	8⅝-9	9-9⅛	9¼-9⁷⁄₁₆	10⅛
Two months	9⅝-9¹³⁄₁₆	9⅝-9⅞	—	9⅝-10	10¼	—	9⁵⁄₁₆-9¼	9¼-9⁵⁄₁₆	9⅞	10⅛
Three months	10⅛-10	10⅛-10¼	9¾-9⅞	9⅝-10	10½	10⅝	9⅝-9⅞	[illegible]	9⅞-9⅞	10¼
Six months	10¾-10⅞	10⅝-10¾	10-10⅛	10⅛-10½	11¼	—	—	—	10⅝-10½	10¾
Nine months	10¾-10⅞	10⅞-11⅛	—	10½-10⅞	—	—	—	—	—	—
One year	10¾-10⅞	10¾-10⅞	10¼-10½	10½-10⅞	—	—	—	—	—	—
Two years	—	—	11¼-11½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer term local authority mortgage rates nominally three years 11⅞-12 per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 9¹⁵⁄₁₆-10⅛ per cent; four-month trade bills 10⅞ per cent.

Approximate selling rates for one-month Treasury bills 8⅞-8¹⁵⁄₁₆ per cent; and two-month 9⅛-9³⁄₁₆ per cent; three month 9⅛-9⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9⅛-9³⁄₁₆ per cent; two-month 9¹⁵⁄₃₂-9⁷⁄₁₆ per cent; and three-month 9²⁵⁄₃₂-9⅞ per cent. One-month trade bills 9¾ per cent; two-month 9⅞ per cent; and also three-month 10 per cent.

Finance House Base Rates (published by the Finance Houses Association) 9½ per cent from October 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6.7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.2451.

MONEY RATES

NEW YORK	
Prime Rate	9.75
Fed Funds	8.875
Treasury Bills (13-week)	8.38
Treasury Bills (26-week)	8.49
GERMANY	
Overnight	3.45
Overnight	3.55
One month	3.55
Three months	4.05
Six months	4.15
FRANCE	
Discount Rate	9.5
Overnight	6.875
One month	7.125
Three months	7.3125
Six months	7.8125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on October 9, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00	Ecuador Sucre	(O) 49.25 (F) 52.86	Liechtenstein Swiss Franc	3.14¼	Romania Leu	(cm) 8.49 (n.c.) 22.79
Albania Lek	10.082	Egypt Egyptian £	(O) 0.7600 (T) 1.3600	Luxembourg Lux Franc	59.45	Rwanda Rwanda Franc	180.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‖ General rates of oil and iron exports 55.161. § Based on cross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate.

The proliferation of currency cocktails

BY MICHAEL BLANDEN

THE TALKS about the proposed closer links of the Common Market currencies appear increasingly likely to produce something similar to an extended version of the present European snake arrangements. A commitment of this kind to maintain the currencies of member countries within a fairly narrow band of fluctuation against each other would be a considerable step for the UK and indeed for France. But it would not in itself represent a major move towards eventual closer integration of the individual monetary systems of the members nor would it go very far towards the ideal of establishing a common currency.

For a long time yet, therefore, the possibility of substantial exchange rate fluctuations is likely to lead to a continuing search for some more stable unit of value than the individual pound or D-Mark. Even if the Common Market gets around to creating its own new European Currency Unit, it may be no more than another unit of account available for measuring the value of official transactions. It will join a growing list of various kinds of currency basket which have already been invented in an effort to provide some form of stability.

The idea of using some measure of value in the form of a unit of account which is more or less insulated from currency fluctuations is by no means new. But during the period when the gold standard reigned supreme, up to World War I, the concept more or less fell out of use. Indeed, when the unit-of-account approach was revived after World War II, mainly by international organisations including those connected with progress towards European unity, it was to gold that they tended to look for stability.

The units established in the 1950s tended to be defined in terms of gold and related in this way to the value of the U.S. dollar, the dominant international currency. The general practice, used for example in the original formulation of the International Monetary Fund's special drawing rights (SDR), was to define the unit of account as having the same gold content as the dollar then had: 0.88867088 grams of fine gold.

But as the post-war Bretton Woods system of international exchange rates came under increasing pressure—leading to its final breakdown in 1971 and to the general floating of currencies—it became necessary to find new ways of defining units of account. The result has been a proliferation of currency cocktails, with the IMF itself changing the SDR base to a basket of currencies in mid-1974.

Protection

There are two main categories of currency units. One is the official units of account including particularly the SDR and the European Unit of Account used in the Common Market. These are designed to provide a single medium of accounting for the transactions of international organisations where it would not be appropriate to use a national currency, though as with the SDR this function can be combined with the second.

The other is the type of basket created in the private sector, chiefly for use in international bond issues, which attempts to provide a degree of protection against exchange rate changes to the borrower, lender or both. They already include another European unit of account of quite different character from the official one, as well as two variants of a European currency unit, which could cause confusion if the same name were adopted for an official Community unit.

The official European Unit of Account, the EUA, consists of a basket of fixed amounts of the currencies of the nine member countries. The amounts were arranged in such a way that when calculated at market exchange rates at the end of June 1974 the EUA was equal in value to the SDR, then still recognised as being equivalent to the underlying amount of gold.

The big difference with the SDR is its much wider spread of countries which, moreover, do not remain constant. In July this year the 16 currencies which make up the SDR basket were changed to reflect the alterations in the relative importance of various countries in the import and export of goods and services, and a system was established for revision at five-yearly intervals. The main effect of rebasing the SDR on statistics for the period 1972-76 was to take out the currencies of Denmark and South Africa and to substitute those of Iran and Saudi Arabia.

The EUA and SDR are mainly used for official purposes, though the latter has occasionally been adopted for international issues. However, for most purposes the private sector markets have tended to develop their own particular forms of currency units. Of these, the oldest, the most popular and certainly the most complex is the European unit of account. This, though sharing the same name as the Community's EUA is a quite different animal; to avoid confusion it can be abbreviated as the EU.

Its origins go back to 1961, before the big development of the Eurobond markets, and it was originally based with the same gold content as the dollar on the 17 currencies of the former European Payments Union. Since the beginning of 1973 only the nine currencies of the Common Market members have been eligible to be used as reference currencies for the EU. However, in its new formulation a reference currency must have a par value and must participate in the European snake.

Stability

At present the pound and the French franc among others are excluded from use as reference currencies for this unit; precisely what will happen if the snake is extended in one form or another is not clear. To describe the workings of the EU would require a separate article to itself; but the general effect of its mechanism is to put the emphasis on stability.

Because it has a gold equivalent value, the value of the unit in terms of gold content changes only if all the reference currencies change their central rates with an absolute majority in the same direction. In effect, borrowers and lenders have to worry about exchange risks only in relation to what happens to their own currency.

The relative equality of treatment which the EU accords to borrower and lender does not apply to the same extent to another fairly familiar formula, the European Currency Unit. This, in two different formulations, is based on the currencies of the original six members of the European Community. It relatively much simpler [illegible] But it has one main drawba[ck]

The investor in ECU bo[nds] can choose the currency which the payment of princ[ipal] and interest takes place. [The] effect of this is that the inve[stor] does not suffer if one of [the] component currencies is [de]valued, but will profit from [a] revaluation. For this rea[son] the formula has proved [rela]tively unattractive to borrow[ers].

Besides these, a number [of] other cocktails have b[een] created in the general se[arch] for stability. They include [the] European composite unit—[the] Euree—the first basket unit to be used on the [bond] markets, which consists [of a] sum of fixed amounts of [the] nine member currencies [of] the European Community. [A] recent innovation was the [...] currency-related unit—[...] —which is worked out [on the] basis of the relation of [...] currencies to the dollar, [...] disregarding movements [of the] two strongest and the weakest.

One of the more ingen[ious] attempts to simplify the ba[sket] concept was made by Bar[...] Bank International four y[ears] ago, with the introduction [of] the B-unit. This approach [used] only five currencies—the [...] the D-mark, the pound and [the] Swiss and French francs—[in a] simple unweighted average. [The] bank hoped that in this w[ay it] might be possible to encou[rage] the use of a currency coc[ktail] not merely in internat[ional] banking and bond transac[tions] but in normal comme[rcial] business.

There could certainly [be] benefits for importers [and] exporters in using [units] which reduce exchan[ge] risks, particularly [for] longer-term contracts or [in] less universally used curre[ncies] where exchange cover is [not] easy to obtain. But the evid[ence] at present is that the unav[oid]able complexities of curr[ency] baskets and their unfamili[arity] have deterred companies [from] adopting this type of techn[ique]. A common European curr[ency] might help a good dea[l to] simplify the problem. But [until] that day arrives the mar[kets] will continue to make do [with] a variety of methods of redu[cing] exchange risks, none of whic[h is] perfect.

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3. In order to obtain the application form, interested companies, with experience and tradition in such field of the petroleum industry, are requested to contact Petrobras, at one of addresses below:
   - Av. Republica do Chile, 65-23 Andar, Sala 2339 – Rio de Janeiro – Estado do Rio de Janeiro – Brazil
   - 77 South Audley Street – 2nd Floor London – W.I.Y. – England
   - 1221, Avenue of the Americas 22nd Floor New York, N.Y. U.S.A.
   - 66, Av. Champs Elysees, 8Eme Etage Paris 8 – France
4. The said application form is to be filled in by the interested company, and then returned to any one of the addresses indicated above, until 5 p.m. (local time), the 10th of November, 1978.
5. Each company will be informed as from the 4th of December, 1978, of the result of its application in the preliminary selection and of the basic conditions it must comply with for the purpose of making its bids.
6. Participation in the said preliminary selection does not and shall not imply the granting of any guarantees, privileges or rights to any of the interested companies, it being understood that Petrobras is absolutely free to, at its sole discretion, cancel, remake or dispense with such preliminary selection, or invite whichever company it may choose in order to contract with for the execution of the services referred to in this announcement.

Rio de Janeiro, October 10th, 1978.
Exploration contracts Superintendency
— SUPEX —

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for attention Mr. Alistair R. Brownlie

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BUSINESSES WANTED

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Principals only reply:

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HOTELS AND LICENSED PREMISES

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Replies in strict confidence

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WORLD STOCK MARKETS

Wall St. technical rise of 13 in thin trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—81% (82¾%)
Effective $1.9805 37¾% (39¼%)

WITH TECHNICAL factors overriding concern about rising interest rates and inflation, Wall Street sharply extended its recent rally yesterday in light trading.

The Dow Jones Industrial Average advanced 13.17 to 895.19 and the NYSE All Common Index 56 cents to $58.90, while rises outscored falls by 1,003 to 435. Turnover contracted to 19.72m shares from last Friday's level of 27.38m.

Analysts said the technical strength of the market received an added lift from a slightly firmer tone for the dollar in Europe, but trading was slowed by the olumbus Day bank holiday and they cautioned that the rise could prove short-lived with the return of the big bank trust departments today.

Money market analysits stated that rapid growth of the money supply and rising credit demand will force the Federal Reserve to adopt a much tighter credit posture.

On the inflation front, Presidential Inflation Counsellor Strauss said the Administration's promised anti-inflation programme will probably set precise wage and price targets. He added that a 5.75 per cent annual guideline for prices and 7 per cent for wages is in the "general ballpark."

Among Glamours and Blue Chips, **IBM** climbed 3¼ to $282, **Honeywell** 2¼ to $68½, **Du Pont** 2⅞ to $135¼, **Monsanto** 2¼ to $59¾, **Union Carbide** 1⅞ to $41⅝ and **Dow** *Chemical* 1¼ to $30⅜.

Smithkline gained ⅞ to $95½, **Merck** 1⅞ to $60, **Alcoa** 2¼ to $51½, **Alcan Aluminium** 1½ to $36¾, **Boeing** 1¼ to $64¾, **Eastman Kodak** 1½ to $64¾, **Polaroid** $1 to $52¾ and **Teledyne** 2⅞ to $104.

Litton Industries topped the actives list and put on ⅞ to $28. It has agreed in principle to install a $1.5bn command, control and communications system in Saudi Arabia.

American Telephone rose $1 to $64½ and **Occidental Petroleum** ¾ to $19½, both in active trading.

Gaming shares also moved ahead. Active **Ramada Inns** rose $1 to $13⅞, **Caesars World** 1½ to $41½ and **Bally Manufacturing** $1 to $49⅞.

Metro-Goldwyn-Mayer added 1⅞ at $48⅝ and **Hilton Hotels** 1⅞ at $36½. The two companies have agreed to jointly acquire Atlantic City Property for separate hotel/casinos.

Esmark picked up ½ to $27¼ on its expectations of significant gains in fiscal fourth-quarter profits.

General Electric hardened ½ to $52¼. **Daihatsu Motor**, of Japan, has agreed to help GE develop a motor vehicle powered by both gasoline and electricity.

THE AMERICAN SE Market Value Index strengthened 1.26 to 171.49 in a slow business. Volume 2.80m shares (3.60m).

Sundance Oil forged ahead 2¼ to $22¼ and was the leading Amex active.

Prudential Building Maintenance, in second place, spurted 3¼ to $10¼. International Service System, of Copenhagen, has agreed to take a one-third stake in Prudential Building for a consideration of $14 a share or $10.5m.

Resorts International "A" and "B" did not trade pending news. The New ersey Gaming Enforcement authorities filed complaints against the company last Friday.

Canada

Markets were closed yesterday for the Thanksgiving Day holiday.

Paris

Bourse prices hardened across a broad front in active trading, having received a psychological boost from the reduction in the French Call Money rate to 6¾ from 7 per cent, the first time it has been below that level for nearly three years.

Apart from Stores, Textiles and Publishing issues, gains predominated in all sectors, with Banks and Electricals putting on the best performances.

Cie Bancaire, which announced higher first-half 1978 consolidated profits, rose 7 to *FFr 445*, while **Printemps**, on reporting a return to profits in the first half, gained L80 to FFr 129.

Prominently firmer elsewhere were **Codetel**, **Pernod-Ricard**, **Peugeot-Citroen**, **Auxiliaire D'Entreprises**, **Sagem**, **Perrier**, **Carrefour**, **Air Liquide** and **Skis Rossignol**.

However, declining against the trend were **Cetelem**, **Cie du Midi**, **Generale Occidentale**, **Poliet**, **Hachette**, **Paris-France** and **Signaux**.

Tokyo

Shares mostly displayed an easier disposition yesterday in thin trading as investors appeared to refrain from further buying ahead of today's national holiday. The Nikkei-Dow Jones Average was 10.45 off at 5,758.90, while volume came to 210m shares.

Public Works issues, Steels, Machines, Electric Cables and some export-orientated issues *succumbed to profit-taking and* other liquidations.

Toyota Motor fell Y16 to Y865, **Fuji Photo Film** Y8 to Y557, **TDK Electronics** Y30 to Y2,060, **Pioneer Electronic** Y40 to Y1,540, **Ricoh** Y5 to Y585, **Japan Air Lines** Y60 to Y2,910, **JGC** Y50 to Y1,830, **Kokuyo** Y40 to Y1,300, and **Toyoda Machine Works** Y30 to Y1,110.

In contrast, **Daihatsu Motor** rose *Y19 to Y285 on reports that it* has signed a contract to help **General Electric** develop vehicles.

Pharmaceuticals picked up from initial dullness to close generally higher on balance, while there were also gains recorded in the Foods sector.

Tohoku Hiryo were up Y70 at Y359, while **Toyo Jozo** gained Y60 at Y600, *Nippon Chemiphare also* Y60 at Y1,600, **Fujita Tourist Enterprises** Y55 at Y655, **Tokyo Tanabe** Y42 at Y670 and **Meito Sangyo** Y40 at Y1,340.

Germany

Continuing to consolidate its recent advance, the market closed mixed with a softer bias on profit-*taking. The Commerzbank index* slipped back 1.9 more to 849.1.

Some Steels, Banks and other Blue Chips were higher on meeting selective fresh foreign buying. **Deutsche Bank** gained DM1.60, **Krupp** DM3, **Kloeckner-Werke** DM1, **Preussag** DM3.30 and **Schering** DM4.50.

Elsewhere, however, **Lufthansa** lost DM2, **Hapag Lloyd** DM2.50 and **BMW** DM1.50.

Public Authority Bonds were also irregular recording gains of up to 20 Pfennigs and losses extending to 15 Pfennigs. The Regulating Authorities sold a nominal DM7.1m of paper after DM35.1m sales last Friday.

Australia

Markets continued to encounter quiet trading conditions and finished on a rather mixed note.

Selected Industrial and Mining leaders were modestly firmer, although **BHP**, after an initial rise to A$8.72, came back to A$8.62 for a net loss of 2 cents.

Higher London Metal Exchange *prices prompted support for some* Mining issues, **MIM** rising 4 cents to A$2.42 and **Cudgen** 2 cents to 62 cents.

However, **CRA** declined 6 cents to A$3.66, **North Broken Holdings** 5 cents to A$1.38 and **Bougainville Copper** 2 cents to A$1.56.

Uraniums were mainly unchanged, but **Pancontinental** climbed 70 cents more to A$13.20 while **EZ Industries** contrasted with a fall of 10 cents to A$3.00.

Among Coals, **White Industries** and **Utah** each gained 5 cents to A$4.75 and A$4.20, but **Oakbridge** lost 4 cents to A$1.70.

Crusader and Vamgas improved afresh in easier-inclined Oils on the strength of the good gas shows from the Strzelecki No. 3 well, **Crusader** adding 4 cents at 84 cents and **Vamgas** 2 cents at 85 cents.

Sugar stocks gained ground on news that the U.S. Senate has passed the sugar Bill, **CSR**, A$3.50, and **Pioneer Sugar**, A$1.20, putting on 5 cents apiece.

There was also some demand for Building and kindred issues, Domestic Appliance Manufacturers and Breweries.

Hong Kong

Stocks moved ahead in a small trading volume before partially reacting on late profit-taking. The Hang Seng index finished a modest 3.75 higher on balance at 618.68.

Hongkong Bank were 30 cents up at HK$19.50, while **Hongkong Land**, HK$11.60, and **Swire Pacific "A,"** HK$10.10, gained 10 cents apiece, but **Jardine Matheson** lost 10 cents to HK$17.10.

Hongkong and Kowloon Wharf receded HK$1.75 to HK$32.25 and the Warrants HK$3.50 to HK$96.00 despite a *higher interim dividend* of 15 cents against 12 cents last year on the Ordinary shares.

Elsewhere, **Sime Darby** rose 30 cents to HK$6.80 and **Cheong Kong** 50 cents to HK$12.70.

Switzerland

Generally weaker in moderate activity despite the relatively steady dollar.

In the Pharmaceutical sector, **Ciba-Gei** Bearer were down 25 at SwFr 930, while **Nestle Bearer** in Foods, were similarly lower at SwFr 3,075. Banks had **Credit Suisse** 40 cheaper at SwFr 2,160, while elsewhere, **Swissair** shed 8 to SwFr 775.

Domestic Bonds, however, were steady in quiet trading, while foreign Bonds were mixed.

Johannesburg

Gold issues were mostly easier in light dealings on the lower Bullion price.

Mining Financials followed the softer trend in gold producers, while **De Beers** retreated 15 cents *to R7.85. However, Coppers gained* between 4 and 10 cents, while Coal and Platinum shares were firmer, where changed.

The Industrial market was narrowly mixed in slow trading.

Brussels

Activity was at a low ebb with no clear trend developing yesterday.

Among Steels, **Clabecq** rose 30 to BFr 1,640 but **Cockerill** declined 4 to BFr 456. Non-ferrous Metals wound up little changed. In higher Utilities, **Unerg** gained 20 to BFr 2,560. Chemicals also improved, with **Solvay** gaining 70 to BFr 2,600, but Oils were lower, **Petrofina** slipping 45 to BFr 3,645.

Amsterdam

Slightly easier for choice.

Hoogovens and **Unilever** firmed Fl 0.40 and Fl 0.20 in otherwise lower Dutch Internationals.

Elsewhere, **Ogem** gained Fl 1.00, but **Fokker**, **Pakhoed**, **AMEV** and **Ahold** weakened. State Loans edged lower.

Indices

NEW YORK—DOW JONES

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	1978 High	1978 Low
Industrials	895.19	880.02	876.47	875.87	867.90	871.56	907.74 (8/9)	742.12 (28/2)
H'me B'nds*	88.30	88.32	88.31	88.47	88.52	88.75	90.88 (4/1)	88.75 (11/7)
Transport	248.30	246.89	248.35	245.86	244.40	244.74	261.49 (8/9)	199.31 (9/1)
Utilities	106.65	106.29	106.12	106.06	105.95	105.92	110.98 (5/1)	102.84 (22/2)
Trading vol. 000's	19,720	27,380	27,820	25,140	22,830	18,680	—	—

* Basis of Index changed from August 24

	Oct. 6	Sept. 29	Sept. 22
Ind. div. yield %	5.39	5.48	5.60

STANDARD AND POORS

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	1978 High	1978 Low
Industrials	116.09	114.84	114.57	114.55	115.75	114.22	118.71 (12/9)	95.52 (6/3)
§Composite	104.59	103.52	103.27	103.06	102.60	102.96	106.99 (12/9)	86.90 (6/3)

	Oct. 4	Sept. 27	Sept. 20
Ind div. yield %	4.79	4.86	4.85
Ind. P/E Ratio	9.59	9.43	9.43
Long Gov. Bond yield	8.64	8.58	8.47

N.Y.S.E. ALL COMMON

Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High	1978 Low
58.90	58.34	58.19	58.03	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 9
Issues traded	1,842
Rises	1,005
Falls	435
Unchanged	404
New Highs	—
New Lows	—

MONTREAL

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High
Industrial	(c)	219.75	218.32	215.74	219.75 (6/10)
Combined	(c)	222.98	221.86	218.82	222.98 (6/10)
TORONTO Composite	(c)	1516.0	1505.5	1295.1	1516.0 (6/10)
JOHANNESBURG Gold		263.1	264.8	264.6	268.3
Industrial		267.8	267.2	267.1	266.0

	Oct. 9	Previous	1978 High	1978 Low
Australia(¶)	558.11	557.70	565.79 (22/9)	411.13 (1/5)
Belgium (‖)	100.02	99.88	101.16 (8/6)	90.43 (25/5)
Denmark (**)	94.25	94.52	96.95 (14/5)	94.00 (6/2)
France (††)	82.7	81.8	83.0 (4/10)	47.6 (5/2)
Germany (‡‡)	849.1	851.0	856.7 (5/10)	759.4 (17/5)
Holland (§§)	88.2	88.4	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	618.68	614.93	707.70 (4/8)	383.4 (13/1)
Italy (‖‖)	76.22	78.63	82.52 (25/8)	55.45 (10/1)
Japan (a)	434.22	434.68	436.76 (6/10)	364.04 (4/10)
Singapore (b)	377.29	376.75	414.60 (8/9)	252.0 (9/1)
Spain (d)	(c)	97.66	110.78 (8/6)	
Sweden (e)	376.29	382.10	408.00 (4/8)	
Switzerld (f)	269.2	271.0	323.7 (14/2)	

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded
Litton Inds.	322,900
AMF	234,700
Ramada Inns	232,000
Amer. Tel. and Tel.	216,900
Dow Chemical	197,200
Occidental Petrolm.	196,700
Carrier	174,900
Technicare	164,100
Citicorp	162,700
Patrick Petrolm.	133,600

NEW YORK

Stock	Oct. 9	Oct. 6
Abbott Labs	34⅝	34¼
Addressograph	28	27⅞
Aetna Life & Cas	42⅛	41⅜
Air Products	28¾	28⅛
Chesebgh Pond	25	24⅞
Chessie System	30⅛	30⅛
Chicago Bridge	57½	57
Chrysler	11⅞	11⅜
Cine. Milacron	36¼	36
Citicorp	27⅞	27⅝
Cities Service	56⅞	56⅜
City Investing	16¼	16
Cleveland Cliff	30¾	30⅝
CocaCola	44⅝	44⅝
Colgate Palm	20⅛	20
Collins Aikman	12	11½
Columbia Gas	28⅛	28¼
Columbia Pict	22⅜	21½
Com.Ins.Co.of Am	18⅞	18¾
Combustion Eng	38¼	38½
Combustion Eq	15½	15⅜
C'm'wth Edison	27	26⅞
Comm. Satellite	44⅜	45⅜
Computer Scienc	14⅜	14⅜
Conn Life Ins	41	40
Conrac	21¾	21½
Con Edison NY	24⅜	24½
Consol Foods	24⅞	24¼
Consol Nat Gas	39¼	38¾
Consumer Power	24½	24
Continental Grp.	30¾	30½
Continental Oil	29½	29¼
Continental Tele	16⅛	16
Control Data	39⅜	38¼
Cooper Indus	48⅝	48¾
Corning Glass	62⅜	60¾
CPC Int'rn'tional	51⅜	51
Crane	54¼	54⅝
Crocker Nat	28¾	28⅞
Crown Zellerbach	35½	34⅞
Cummins Engine	37	37
Curtiss Wright	18⅞	18½
Hewlett Packard	89¼	86⅛
Holiday Inns	24¾	24¼
Homestake	37⅛	37⅛
Honeywell	68½	66⅜
Hoover	12¾	12¾
Hosp Corp. Amer	30	30¼
Houston Nat.Gas	25¼	25¼
Hunt(Ph.A)Chm	14¼	14¼
Hutton (E.F.)	20⅞	20⅝
I.C. Industries	28⅝	28⅞
INA	45½	44½
Ingersoll Rand	60⅜	59⅝
Inland Steel	38	37⅞
Insilco	15⅜	15⅜
IBM	282	278.75
Intl. Flavour	24¾	24⅞
Intl. Harvester	40½	39⅞
Intl. Min & Chem	39	38⅛
Intl. Multifoods	20¾	20½
Inco	19⅜	19⅜
Intl. Paper	45	44⅛
Int. Rectifier	15¾	15½
Int. Tel. & Tel	32⅜	31¾
Iowa Beef	41	41
IU International	12½	12⅜
Jim Walter	33⅜	32½
Johns Manville	31⅞	31½
Johnson Johnson	82⅝	82¼
Johnson Control	28¾	28¾
Joy Manufactur'g	34	34
K. Mart Corp	26⅞	26⅞
Kaiser Aluminium	40	39½
Kaiser Industries	2½	2⅛
Kaiser Steel	25¾	26½
Perkin Elmer	28¼	27½
Polaroid	52¾	51¾
Potomac Elec	14⅝	14⅝
PPG Industries	30⅛	29⅞
Procter Gamble	87½	86¼
Pub Ser Elect	23¼	23¼
Pullman	46½	45⅞
Purex	18	17⅞
Quaker Oats	27	26¼
Rapid American	14⅝	14½
Raytheon	48¾	48
RCA	29¾	29⅝
Republic Steel	27	26¾
Resorts Intl	45	45
Revlon	54	52½
Reynolds Metals	39½	38⅜
Reynolds R.J.	62⅛	61⅞
Rich'son Merrell	27	26⅞
Rockwell Inter	36½	36¼
Rohm & Haas	38	36¾
Royal Dutch	64¾	65⅛
UAL	40¾	40½
UARCO	27¼	27⅜
UGI	20¼	20⅛
Unilever	44⅛	43¾
Unilever NV	61¾	62
Union Bancorp	26⅞	26¾
Union Carbide	41⅝	40
Union Commerce	10	9⅞
Union Oil Calif	55	55⅛
Union Pacific	55	54½
Uniroyal	7⅝	7⅝
United Brands	13¼	12⅞
US Bancorp	33½	33⅜
US Gypsum	32⅛	31⅞
US Shoe	27⅞	27½
US Steel	27⅛	26⅞
US Technologies	44⅝	43¾
UV Industries	22⅛	22⅜
Virginia Elect	14⅝	14⅝
Walgreen	29⅞	29¾
Warner-Commun	49½	48
Warner-Lambert	27⅝	27⅝
Waste-Man'ment	28	28
Wells-Fargo	29⅛	29⅞
Western Bancorp	30	30
Western N. Amer	36⅛	36
Western Union	19⅜	19⅜
Westingh'se Elec	22⅝	22½
Weyerhaeuser	30	29⅝
Whirlpool	23¾	23⅞
White Con. Ind	21	20¾
William Co	19⅞	19⅞
Wisconsin Elect	28½	28½
Woolworth	21⅝	21⅜
Wyly	6¼	6⅛
Xerox	56⅞	55¼
Zapata	16⅜	16⅛
Zenith Radio	16⅛	16¼
U.S. Treas 4% 1980	†94⅞	†94⅝
US Treas 4¾% 78/83	†80¾	†80¾
U.S. 90-day bills	—	8.16%

CANADA

Stock	Oct. 9	Oct. 6
Pan. Can. Pet'm	35	55
Patino	19¾	19¾
Peoples Dept. S.	5½	†5⅜
Place Gas & Oil	2.22	2.24
Placer Developmt	27⅝	27¼
Power Corporat'n	21⅝	21⅜
Price	23⅛	22½
Quebec Sturgeon	2.20	2.20
Ranger Oil	18⅞	18⅞
Reed Stenhouse	11⅝	11¾
Rio Algom	38½	37¾
Royal Bk. of Can	35⅛	35½
Royal Trust	19⅛	19½
Sceptre Resources	7½	7¼
Seagrams	32¾	32⅝
Shell Canada	15	15
Sherritt G. Mines	8½	8¼
Stebens O. G.	36⅝	36⅝
Simpson	6½	6½
Steel of Canada	28¾	28
Steep Rock Iron	3.85	3.80
Texaco Canada	48¾	48⅛
Toronto Dom. Bk.	20⅜	20½
TransCan Pipe Ln	18¼	18⅛
Trans Mount Opr.	9	9
Trizec	16	†15½
Union Gas	11⅞	11¾
Utd. Siscoe Mines	8½	8⅝
Walker Hiram	38	37
West Coast Trans	11⅝	11⅝
Weston Geo	20	20

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆

Oct. 9	Price Dm.	+ or —	Div. %	Yld. %
AEG	86.4	+0.5	—	—
Allianz Versich	518		31.2	3.0
BMW	228.0	-1.5	28.08	6.2
BASF	141.4	-0.4	18.76	6.6
Bayer	143.2	+0.3	18.75	6.5
Bayer-Hypo	304	+5.1	28.12	4.6
Bayer-Vereinsbk	350.0	+0.5	18	2.6

TOKYO ¶

Oct. 9	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	332	-3	14	2.1
Canon	438		12	1.4
Casio	915	+10	25	1.4
Chinon	430		20	2.3
Dai Nippon Print	567	+1	18	1.5
Fuji Photo	557	-8	15	1.3
Hitachi	218	-1	12	2.8

AUSTRALIA

Oct. 9	Aust. $	+ or —
ACMIL (25 cents)	†0.75	-0.01
Acrow Australia	†0.95	
AMATIL S1	†2.20	-0.05
Ampol Exploration	†1.35	
Ampol Petroleum	†0.66	-0.01
Assoc. Minerals	†1.60	
Assoc. Pulp Paper $1	†1.67	

OSLO

Oct. 9	Price Kroner	+ or —
Bergen Bank	99.5	
Borregaard	72.5	-4.0
Creditbank	115	
Kosmos	295	-5
Kreditkassen	111.5	-1.5
Norsk Hydrokr.	226.0	-3.5
Storebrand	100	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
ABN	F.380	—	—	—	-	5	18	F.374
AKZ	F.27.50	-	—	5	5.90	-	—	F.31.70
AKZ	F.30	10	1.70	—	—	9	5	„
AKZ	F.32.50	18	0.20	6	2.80	15	4	„
AKZ	F.35	-	—	—	—	13	3	
ARB	F.78.90	5	0.50	5	3.20	—	—	F.78.20
ARB	F.85.90	—	—	13	1.60	—	—	
EK	$50	3	12⅞	—	—	—	—	$63⅞
EK	$60	—	—	5	6¾	—	—	„
EK	$70	—	—	6	1⅞	—	—	„
FNC	$25	1	2⅛	—	—	—	—	$27¼
HO	F.37.50	27	2.50	—	—	—	—	F.39.60
HO	F.40	10	0.70	—	—	17	5	„

TOTAL VOLUME IN CONTRACTS 922

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montague	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7%, and over £25,000 7¼%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7½%.

Commodities centre plan for Cabinet

By Our Commodities Editor

A CABINET committee is to consider this week the plan for a world commodities centre in London. This follows agreement by Dr. David Owen, Foreign Secretary, in March to set up an inter-departmental working party of officials to prepare a paper on the project for a decision at Cabinet level.

It is hoped that a decision will be made as to how much financial support the Government is prepared to contribute to the proposal for a world commodities centre to be established in London to house all the international commodity associations.

The special committee, established by the parliamentary group for world government in 1975, claims that there are inadequate facilities at present for the many international commodity organisations scattered around London. The committee, which includes representatives from all the international commodity organisations plus other interested parties, warned that Britain was in danger of losing the many benefits that result from these organisations having their headquarters in London.

The plan is for a conference centre with offices for all the commodity organisations to be bought, or preferably built to specification.

Centralised grain storage opened

By John Cherrington, Agriculture Correspondent

THE PRINCIPLE of centralised grain storage had another boost yesterday, when Lord Peart, former Minister of Agriculture, opened a new store for Ridgeway Grain at Membury, near Hungerford.

The store has, at present, a capacity for 6,500 tonnes of gain. It cost £620,000 and was financed partly by the farmers' interest-free loan of £20 per tonne of grain stored. In addition, there was a grant from the Central Council for Co-operation and a loan from the Midland Bank. It is expected that there will be a further grant from the EEC Farm Fund (FEOGA) which will bring the total grant aid to about 45 per cent. The store will be increased to 10,000 tonnes by next harvest.

Each farmer pays £12 per tonne for the transport, drying and cleaning of his grain, up to 19 per cent moisture. Over that level, an extra charge is made. Once installed, the grain is held until it is sold by group cereal services and established co-operatives in Marlborough.

The attraction of the scheme is that it removes the need for individual farmers to replace their own storage.

Supply 'squeeze' worsens on London lead market

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES forged further ahead on the London Metal Exchange yesterday. Cash lead gained another £11.25 to £430.5 a tonne—the sixth daily rise in succession during which it has moved up by £65. The premium of the cash price over the three months quotation has now widened to £16 reflecting the developing squeeze on supplies immediately available to the market. It is this which is causing the upsurge.

Dealers can see no easing of the situation on the horizon. Lead stocks in LME warehouses fell again last week by 2,350 tonnes reducing total holdings to 39,925 tonnes.

But it is believed that a large proportion of those holdings are already committed for delivery to the Soviet Union and other buyers, so a further outflow is likely in the weeks ahead unless fresh supplies are attracted by the high price levels.

At the moment with demand so strong, there seems little likelihood of sufficient extra supplies coming in.

Speculative

Zinc prices also moved up strongly yesterday. The cash price gained £11 to £373.75 a tonne, although LME stocks were unchanged at 73,325 tonnes.

Buying demand for zinc is reported to have improved considerably. But some of it is believed to be speculative based on the premise that the gap between the two sister metals, lead and zinc, cannot become too wide and that zinc has some "catching up" to do.

Copper prices were held steady by a bigger than expected decline in warehouse stocks, which fell 4,050 tonnes to a three-year low level of 420,000 tonnes. However, tin stocks unexpectedly rose by 50 tonnes to 1,535 tonnes bringing a setback in values from the record levels reached on Friday. Standard grade cash tin fell by £65 to £7,290 a tonne, while the three months quotation eased by £7.5 to £7,115.

LME silver holdings rose by 680,000 to 18,900,000 ounces.

Cheap food policy hits FMC

BY OUR COMMODITIES STAFF

THE GOVERNMENT'S cheap fod policy and the Common Market's taxes and subsidies on food trade led to a sharp slump in profits last year for FMC, Britain's biggest meat-processing and distribution business.

Reporting pre-tax profits for 1977-78 of only £929,000 compared with £2.2m the year before, Mr. David Darbishire, group chairman, called on the Government to allow a "modest" increase in food prices.

"The short-term expedients adopted by the present Government to keep food prices down to levels at which home production becomes uneconomic are now harming all food manufacturers, and the meat-based industries in particular," he said in his review of the year.

Mr. Darbishire backed the recent call from Sir Hector Laing, chairman of the Food and Drink Industries Council, for a 3 per cent rise in food prices. And he asked for political help to save the bacon industry. Only changes in the workings of monetary compensatory amount (MCA) subsidies on imports from Denmark and Holland could "ensure the security and competitiveness." The subsidy rose £10 a tonne yesterday to £216.73.

Virtually all FMC's operations had a hard time last year. Fresh meat trading was made difficult by increasing imports. Shipments of beef from Ireland, for example, were helped into this country with MCA subsidies of 13p a pound. The result was a fall in market prices to levels at which beef farming became unprofitable.

Mr. Darbishire also complained that too many animals were being exported live. This trade deprived abattoirs of work and the food industry in general of valuable by-products for processing.

The poultry division also had a bad start to the year. Low prices led to an "alarming" build-up of stocks of frozen birds, and although the market improved towards the end of the year "profits from this division were far from satisfactory." Mr. Darbishire complained.

Mr. Darbishire blamed a shortage of pigs, industrial strife and the failure of management changes to produce better results.

Australian wheat area over 10m hectares

SYDNEY, Oct. 9.

THE AUSTRALIAN wheat acreage this season is 10.12m hectares, compared with a revised area in 1977-78 of 9.95m hectares according to the first estimate from the Statistics Bureau in Canberra.

Sir Leslie Price, Chairman of the Australian Wheat Board, which estimates the area said he was not inclined to change the board's crop forecast last month of 11.5m tonnes of grain.

The board may publish a second forecast after its regular meeting on Thursday.

The crop, particularly in those areas where it was sown late because of wet weather, is a long way from harvesting and anything could happen if the weather deteriorates, Sir Leslie added.

In Ottawa, Statistics Canada forecast production of wheat this year at 762m bushels compared with 729m bushels last year. Barley output, however, is expected to fall from 542m bushels in 1977 to 473m bushels.

All-Canada production of potatoes was listed as 49m bushels, against 55m in 1977.

In Washington the U.S. Agriculture Department's latest estimate of USSR grain production this year was 220.0m tonnes, unchanged from last month's projection.

U.S.D.A. also forecast a sharp reduction in waste which should result in a larger rebuilding of stocks than was expected earlier.

Soviet grain stocks are now expected to increase by about 6m tonnes against an earlier forecast of 1m.

In Chicago, Mr. Conrad Leslie, a private crop forecaster, estimated 1978 U.S. maize output, according to conditions prevailing on October 1 at 6.78bn bushels, against his September estimate of 6.64bn. This is still below the USDA September figure of 6.8bn bushels.

He estimated soyabean output at 1.77bn bushels, marginally below his September estimate and slightly above the USDA figure. Reuter

World cocoa surplus predicted

By Our Commodities Staff

A SURPLUS in world cocoa production in the 1978-79 season was predicted yesterday by the International Cocoa Organisation in London. In its first conditional forecast for the season ending next September the Organisation's statistics committee estimated the surplus at 19,000 tonnes.

Production was put as declining to 1,410,000 tonnes compared with 1,459,000 tonnes in 1977-78, and grindings are expected to show a small rise to 1,377,000 tonnes against 1,372,000 last season. The committee revised its forecast for the 1977-78 season to show a surplus of 72,000 tonnes compared with a surplus of 49,000 predicted in July.

The forecast of a surplus came as something of a surprise, since market sources have generally been suggesting that there could well be a deficit in 1978-79 as a result of disappointing crops.

In fact, the organisation itself pointed out that a number of members of the statistics committee commented that the forecast was subject to a considerable degree of uncertainty.

There was virtually no reaction on the London cocoa futures market, which had a very quiet day partly because of the closure of the New York market for the Columbus Day holiday.

Israel aims at rise in fresh produce trade

By Our Own Correspondent

TEL AVIV, Oct. 9

AGREXCO, the Israeli company handling exports of agricultural produce other than citrus, expects its shipments during the season which started this month to go up by 38 per cent in value—to \$185m— and 28 per cent in quantity.

The company expects to export 250,000 tonnes of produce, 52,000 tonnes by air (against 36,000 tonnes in 1977-8) and the remainder by sea through Marseilles.

The biggest single item will be flowers, expected to bring in \$76m. Exports of vegetables are scheduled to rise from 133,000 tonnes to 170,000 tonnes and to be worth \$51m (\$40m last year).

Big increases are seen, for example in shipments of Chinese cabbage, lettuce, radishes, and water melons. Exports of strawberries are expected to rise to 3,800 tonnes from 3,100 a year earlier.

INTERNATIONAL SUGAR AGREEMENT

Why Europe finds it hard to sign

BY RICHARD MOONEY, RECENTLY IN BRUSSELS

HOPES THAT the EEC might be persuaded to join the International Sugar Agreement received a setback when the Community declined to attend a special meeting on the subject in London yesterday. But this decision does not signify any opposition to the aims of the pact so much as the difficulty of the role the Community would be required to play.

The Agreement has as its central aim the establishment and maintenance of a stable and remunerative world market for sugar. In present depressed conditions this effectively means higher world sugar prices, and with this ambition the EEC has no argument.

As a very large net exporter of sugar, the Common Market would welcome a more buoyant world price as it would reduce the total cost of the export subsidies the Community has to offer to find a market for its surplus. But abiding by the rules of the International Sugar Agreement in its present form, would pre-suppose acceptance of a quota limitation on exports and this the EEC authorities could not stomach.

The EEC's main problem is the conflict between its desire to be self-sufficient in sugar production and its commitment to guarantee access for 1.3m tonnes of cane sugar from African, Carribean and Pacific cane producing countries. This commitment does not simply reflect a moral obligation to developing countries but also a socio-economic necessity as this cane sugar is the life-blood of a large section of the British refining industry.

The conflict stemmed originally from Britain's entry into the Community. UK sugar refining and consumption was largely based on cane production in former colonial countries and it was unwilling to leave these countries in the lurch on joining the EEC. As it happened the UK's accession into the Common Market coincided with the world sugar crisis in 1973-74. At that time Europe was desperately short of sugar and the world free-market price had rocketed to £650 a tonne. Against this background it is not surprising that Britain "panicked" and offered the ACP producers an unrealistically high price at the now famous Lome Convention. As a result of the Lome Convention the Community is committed to importing 1.3m tonnes of ACP sugar a year with no time-limit.

But this ACP sugar need not necessarily continue to be an insurmountable obstacle to the EEC playing its full part in a new International Sugar Agreement. If the other pact members were willing, the cane sugar could be excluded from the EEC's export quota on the grounds that it merely represented re-exports. There would obviously be strong resistance from the other members of the Agreement to this approach but if the desire to bring the EEC into membership were strong enough this resistance might be overcome.

However, even if ACP sugar is disregarded, the EEC sugar surplus last year would still have been much too high for the Community to accept ISA export quotas with equanimity.

Any attempt to reduce Common Market sugar production to a more manageable level must hinge on the present quota system. Under this, a basis quota known as the "A" quota is set for five years at a time. This sugar qualifies for the full guaranteed intervention price. A second quota, the "B" quota, also gets the full price but this is reduced by the application of a production levy to help pay for export subsidies on the surplus production. Because of the current surplus the levy is now at the maximum level of 30 per cent of the intervention price.

The size of the "B" quota is fixed annually as a percentage of the "A" quota and this is the main weapon in the EEC Commission's armoury for dealing with sugar surpluses. The "B" quota is normally 35 per cent of the "A" quota but it can be varied according to market conditions. For the present season it was reduced to 27.5 per cent in an attempt to discourage surplus production.

EEC sugar output this season is estimated at 10.7m tonnes compared with 11.5m last season. But the Commission is not claiming credit for this reduction. The total EEC beet acreage is virtually unchanged so the reduced crop must be due to poorer yield rather than to the disincentive effect of the lower "B" quota.

A second possible way of discouraging Community sugar production is through the price level set annually by the Council of Agricultural Ministers. This year, in line with its "prudent price policy," the Commission proposed a 1.9 per cent price rise for sugar but this struck the Ministers as too stingy and they granted a rise of 2.1 per cent. It is almost inconceivable that the Ministers would ever have the political courage to actually reduce prices, so this method of solving the problem can probably be ruled out.

A more likely way of discouraging production was suggested last week by Mr. H. Fawcett of the EEC's directorate-general for agriculture. Mr. Fawcett's proposal is that the production levy should be set at a much higher level so as to discourage the production of "B" quota sugar. The levy, currently limited to 30 per cent of the intervention price, could be raised to, say, 70 per cent, he said.

This policy would obviously meet with considerable opposition, though not from Britain, Ireland and Italy, where no "B" quota sugar is produced. It is difficult, moreover, to envisage any solution which would not attract the wrath of some politicians.

If Common Market sugar production is to be brought down to a more manageable level someone will have to lose out. The Community as a whole cannot stand the burden of subsidising sugar exports on the current scale indefinitely and at some stage a choice will have to be made between a variety of evils.

THE U.S. House of Representatives has given final approval to a Sugar Bill which sets an initial 15 cents a pound price objective, to be escalated in line with production costs.

The Bill, which also authorises U.S. participation in the International Sugar Agreement, now goes to a conference committee which will have to settle differences between the House version and the measure passed last week by the Senate finance committee that sets the price objective at 17 cents a pound.

This news encouraged a stronger tone in the London sugar market yesterday. At the close the March futures position was quoted at £121.6 a tonne, £2.9 up on Friday's close.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange. Forward metal opened at £772 and moved up to £774 following a slightly larger than forecast decline in warehouse stocks. In the morning rings good volumes were traded with heavy trade selling being well absorbed. The market edged up in the afternoon in line with Comex with forward metal finally £773.5 on the late kerb. Turnover: 25,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	754-.5	+1.5	754-.5	+1.25
3 months	774-.5	+2.5	773.5-4	+1.5
Settl'm'nt	754.5	+1.5	—	......
Cathodes				
Cash	741-2	......	742-.5	+1.25
3 months	762-.5	+1.5	762-.5	+2
Settl'm'nt	742	......	—	......
U.S. Smt.	685	......	65-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £774, 74.5, 75, 74.5, 74, 75, 74.5. Cathodes, cash £742, three months £[illegible]. Kerb: Wirebars, three months £[illegible]. Afternoon: Wirebars, three months [illegible] 74.5, 75, 74, 73.5. Cathodes, cash £[illegible]. Kerb: Wirebars, three months £774.5, 73.5, 70. Cathodes untraded.

TIN—Slightly lower. Forward standard metal opened a shade easier at £[illegible] despite a rise in the Penang market over the weekend, and fell further to £[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7315-20	+7.5	7285-300	—70
3 months	7115-40	+47.5	7120-50	—15
Settlem't	7320	+5	—	......
Standard				
Cash	7310-5	—20	7280-300	—65
3 months	7105-15	+47.5	7110-20	—7.5
Settlem't	7315	+10	—	......
Straits E.	\$1898	+3	—	......
New York	—	......	*675.00	+7

[illegible] forward metal took the latter up to the day's high of £415 at one point with the backwardation widening to £15 from [illegible] on Friday. Towards the close profit-taking pared the price slightly with forward metal finally £413. Turnover: 12,[illegible] tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	426.5-7	+10.5	430-1	[illegible]
3 months	412-3	+6.75	414-5	[illegible]
Sett'ment	427	+10.5	—	
U.S. Spot	[illegible]	......	[illegible]	

Morning: Cash £425.5, 26, 26.5; three months £413, 13.5, 13, 12, 12.5. Kerb: Cash £427; three months £413. Afternoon: Cash £426, 31; three months £415, [illegible] 13, 14, 13.5, 14, 15, 14.5. Kerb: three months £415, 14.5, 14, 13.5, 14.

ZINC—Gained ground in line with lead following fresh buying and chartist buying which narrowed the contango to [illegible]. Forward metal moved up to £377 on the pre-market but profit-taking saw the price ease back to £375. However, in the afternoon further fresh buying saw values move ahead again with forward metal finally £378 on the late kerb. Turnover: 12,[illegible] tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	369.5-70	+15.2	373.5-4	[illegible]
3 months	375.5-6	+12.5	379-.5	[illegible]
S'ment	370	+15	—	
Prim.west	—	......	29.31	

Morning: Three months £376, 75, 7[illegible], 76, 76, 75.5, 76. Kerb: Three months £[illegible] 76.5. Afternoon: Cash £372, 73, 75; three months £377, 77.5, 78, 79, 80, 79.5, [illegible] Kerb: Three months £379, 77.5.

ALUMINIUM—Steady and quiet with sentiment helped by the overall firmness of other base-metals. On the late kerb forward metal was quoted around £587. Turnover: 1,280 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	......	—	[illegible]
3 months	588-9	+2.25	587.5-8	[illegible]

Morning: Three months £587.5, [illegible] Afternoon: Three months £588, 87.5.

* Cents per pound. § \$M per picul. † On previous unofficial close.

I.G. Index Limited 01-351 3466 Three month Zinc 375.1-379.4
29 Lamont Road, London SW10 0HS

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

SILVER

Silver was fixed 2.0p an ounce lower for spot delivery in the London bullion market yesterday at 292.5p. U.S. cent equivalents of the fixing levels were: spot 579.[illegible], down 4.1c; three-month 589.8c, down 3.9c; six-month 600.5c, down 3.5c and 12-month 624.9c, down 4.0c. The metal opened at 293-294p (581-582½c) and closed at 292-293½p (580-581½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	292.5p	—2.45	292.85p	[illegible]
3 months	300p	—2.55	300.45p	[illegible]
6 months	308.1p	—2.55	—	
12 months	324.6p	—2.6	—	

LME—Turnover 80 (76) lots of 10,000 ozs. Morning: Three months 300.5, 300, 300.4, 300.2, 300.1, 300.2, 300, 300.1. Kerb: Three months 300.3. Afternoon: Three months 300.3, 300.5, 300.6, 300.5. Kerb: Three months 300.7, 300.3.

JUTE

DUNDEE—Quiet. Oct.-Nov. c. and f. Dundee: BWB £260, BTB £244, BWC-BTC £254, BWD-BTD £244; c. and f. Antwerp: BWB \$521, BTB \$510, BWC-BTC \$49[illegible], BWD-BTD \$480. Kenaf, fob Bangkok, Siam: A \$265.

Jute goods: Firm. C. and f. Dundee: Oct. 40-inch 10-oz £10.92, 7.5 oz £5.5[illegible] "B" twills £30.71.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Oct. 9 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£680
Free market (cts)	\$1,070/90	......	\$1075/95
Copper cash W. Bar	£754.25	......	£759.5
3 months do. do.	£773.75	+1.5	£755.25
Cash Cathode	£742.25	+1.25	£729.5
3 months do. do.	£762.25	+2.0	£746.25
Gold Troy oz.	\$221.875	—1.5	\$207.125
Lead cash	£430.5	+11.5	£346.5
3 months	£414.5	+6.75	£352.375
Nickel	‡		
Free Market (cif)(lb)	\$1.78	......	\$1.80
	1.90	......	1.93
Platinum troy oz.	£130	......	£130
Free Market	£149.85	+0.2	£155.40
Quicksilver (76lb.)	\$120.2...	......	\$125/30
Silver troy oz.	292.5p	—2.45	285.2
3 months	300p	—2.55	290.15
Tin Cash	£7,290	—65.0	£7,125
3 months	£7,115	—7.5	£7,002.5
Tungsten (c)	\$142.94	......	\$137.82
Wolfram 22.04 cif	\$142/47	......	\$140-44
Zinc cash	£373.75	+11.0	£316.75
3 months	£379.25	+9.5	£326.5
Producers	\$675	......	\$625
Oils			
Coconut (Phil)	\$775	......	\$790
Groundnut	......	......	£698
Linseed Crude (v)	£320	......	£327
Palm Malayan	\$605	—5.0	\$610
Seeds			
Copra Phillip	\$530	—5.0	\$535.5
Soyabean (U.S.)	\$274	—4.0	\$266
Grains			
Barley	‡		
Home Futures	£84	......	£80.30
Maize			
French No. 3 Am	£102	—1.0	£101
Wheat			
No. 1 Red Spring	£93.5	......	£92
No. 2 Hard Winter	£84.56	......	£82.75
English Milling	£91	......	£89
Cocoa shipment	£1,892	—29.0	£2,060
Future Mar.	£1,963.7	—7.75	£2,015
Coffee Future			
Nov.	£1,558.5	+1.0	£1,451.5
Cotton 'A' Index	75.95c	+0.55	74.
Rubber kilo	62	—0.5	59.75
Sugar (Raw)	£112	+2.0	£105
Woolfops 64s kilo	275p	......	270p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Oct.-Nov. t Nov.-Dec. u Nov. w Dec. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Oct. 9	Oct. 6	Month ago	Year ago
262.06	260.66	252.54	241.77

(Base: July 1, 1952=100)

REUTERS

U.S. Markets

Metals race on as grain prices rally

NEW YORK, Oct. 9.

PLATINUM future soared ahead over \$300 an ounce when Commission Houses entered the market to finally break through the psychological barrier. Gold was very firm and silver gained nearly 10 cents an ounce. Copper followed precious metals higher. Soyabeans, wheat and maize all staged considerable advances.

Copper—Oct. 67.80 (67.05), Nov. 68.30 (67.55), Dec. 68.90, Jan. 69.45, March 70.50, May 71.55, July 72.50, Sept. 73.40, Dec. 74.60, Jan. 75.00, March 75.80, May 76.60, July 77.40 settlements. Sales: 3,400 lots.

Cotton—No. 2: Oct. 64.50 (64.90), Dec. 67.10-67.12 (67.06), March 68.50-69.60, May 70.32-70.60, July 70.50, Oct. 67.00-67.10, Dec. 66.45-66.50, March 67.15-67.50. Sales: 5,550.

New York's coffee, cocoa and sugar markets were closed yesterday to mark Colombus Day, while all Canadian grain markets were also closed.

*Gold—Oct. 224.10 (222.50), Nov. 225.60 (224.00), Dec. 227.10, Feb. 230.70, April 234.30, June 238.00, Aug. 241.70, Oct. 245.50, Dec. 249.20, Feb. 253.20, April 257.30, June 261.50, Aug. 265.70 settlements. Sales: 12,000 lots.

†Lard—Chicago loose 24.38 (same). NY prime steam 25.5 nom. (same).

‡Maize—Dec. 240-239½ (236), March 239½-232 (235½), May 245½-245, July 248-247½, Sept. 249, Dec. 252.

§Platinum—Oct. 300.50 (295.20), Jan. 302.20-303.50 (297.80), April 305.50, July 309.50, Oct. 312.20-312.40, Jan. 315.70-315.90, April 319.20-319.40. Sales: 1,702 lots.

§Silver—Oct. 585.50 (576.00), Nov. 589.10 (579.50), Dec. 592.30, Jan. 597.50, March 606.00, May 614.60, July 623.60, Sept. 632.70, Dec. 647.00, Jan. 651.70, March 661.20, May 670.90, July 680.50 settlements. Sales: 11,500 lots. Handy and Harman spot bullion not available (579.50).

Soyabeans—Nov. 677-678 (662½), Jan. 684-685 (670), March 691-691½, May 694½-695, July 693-693½, Aug. 694, Sept. 663-662, Nov. 651½.

||Soyabean Meal—Oct. 180.30-180.10 (176.10), Dec. 182.50-182.40 (178.80), Jan. 182.20-184.00, March 184.00-183.80, May 184.20-184.00, July 184.00-184.50, Aug. 183.00, Sept. 179.50-180.00, Oct. 178.00-178.50.

Soyabean Oil—Oct. 25.95-26.00 (25.63), Dec. 25.45-25.42 (25.02), Jan. 25.20-25.10, March 24.95-24.90, May 24.75-24.70, July 24.45-24.50, Aug. 24.15-24.20, Sept. 23.75-23.85, Oct. 23.30-23.40.

Tin—670.00-680.00 nom. (665.00 nom.).

**Wheat—Dec. 346½-346 (344½), March 341½-341 (339), May 337, July 322½-322, Sept. 326, Dec. 322.

All cents per pound ex-warehouse unless otherwise stated. * \$s per troy ounce—100 ounce lots. † Chicago loose \$s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse. 5,000 bushel lots. § \$s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in \$s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store.

Fishermen may visit Denmark

By Our Own Correspondent

COPENHAGEN, Oct. 9.

REPRESENTATIVES of the UK fishing industry have been invited to Denmark to see their rivals in the battle for the North Sea catch in action, said an official of the Danish Fishing Federation today.

The visit is by way of a return for a visit to the UK by Danish fishing representatives last spring.

LEGAL NOTICES

No. 003046 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CLAIRCOLOR LABORATORIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 26th day of September 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 003049 of 1978
MINESTEAD CATERING LIMITED
No. 003050 of 1978
M. J. HOBSON (FABRICS) LIMITED
No. 003051 of 1978
SAM-SAM (LONDON) LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 26th day of September 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October 1978.

STOCK EXCHANGE REPORT

Equities assisted by lessened tension in Ford dispute

Index closes 7.2 up at day's best but Gilts hold back

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Encouraged by the turn of events in the Ford pay dispute—talks between the *management* and unions are expected to resume today—leading industrials rallied from an indecisive opening to move progressively higher. Prices generally settled at the day's best, the most notable exception being **Glaxo** which, on preliminary profits well below most analysts' estimates, fell 22 to 605p, having been 630p awaiting *the news*.

A more hopeful reading of the situation at **BOC** also heartened buyers, countering the adverse effects of marginally disappointing wholesale price indices for September. Professional demand and stock shortage contributed largely to the advance, business being inhibited by the absence of any worthwhile institutional interest pending commencement today of the talks which are hoped will result in a Government-union compromise on pay.

The re-opening of the Zambia-Rhodesia rail trade links stimulated inquiries for **Southern Rhodesian** bonds, among which the 6 per cent 1978/81 issue rose 5 points to £83, and in selected companies with interests in *Rhodesia including* **Turner and Newall**, 7 higher at *197p*, and **Stocklake**, 8 to the good at 70p.

Most secondary stocks were content to follow in the wake of the leaders, but situation issues and other companies in the news were singled out for attention. Week-end Press comment also led to activity *in some* counters, but the overall volume of business remained low, bargains marked totalling *4,594 as against 4,984 on* Monday of last week.

Gilt-edged remained aloof to the factors spurring equity markets, although the medium and longer maturities regained initial losses of ¼ to end unchanged on the day. Interest rate trends caused slight unsettlement in the shorts, but the falls were finally halved to a ⅛. A *specialised demand lifted Electric* 3½ per cent 1976/79 ¼ to 95¾ in clean form. Corporations generally marked time while, in *recently-issued* Fixed Interests, **Provincial Laundries** 12 per cent 1976/88 rose two points more to £24 *premium*.

After opening easier at 82 per cent, the investment currency premium touched 80 per cent on *offerings on Australian and Far-*Eastern arbitrage accounts before institutional support prompted a rally which left it at 81 per cent, a net 1¾ per cent down. Yesterday's SE conversion factor was 0.7247 (0.7191).

Yesterday proved to be the quietest day in the Traded Option market for over a month. Only 352 contracts were completed compared with last week's daily average of 636.

Following last week's speculative improvement on revived talk of a possible American bid for its profitable consumer finance division, **FNFC** were again actively traded but cheapened a penny to 7p, after 6¾p, following a reported denial by a company spokesman *of any* such *development*, *the* 9½ **per cent Unsecured Loan 1992-97**, however, gained a point more to £37½, after £38½, on hopes about a resumption of interest payments. Elsewhere, the major clearers moved forward in thin trading and **Barclays** closed 5 dearer at 335p.

Selected Building descriptions improved on sporadic demand. **Brown and Jackson** added 10 more to 256p: the interim results are due next week. **Francis Parker** gained 2½ to 21p on further consideration of the mid-term report, and **Allied Plant** put on 2 to 18p following a favourable Press mention. Buyers came in for **Richard Costain** which firmed 8 to 256p while, ahead of today's interim results, **Hewden-Stuart** put on 4 to a high for the year of 68p; *the 7 per cent convertible* rose 25 points to £385. **Marchwiel** provided a contrasting feature at 134p, down 8, following lower half-time profits.

ICI and **Fisons** remained neglected but hardened 3 apiece at 399p and 346p respectively. Secondary issues claimed more attention with **Wolstenholme Bronze** improving 5 to 270p for a rise of *40 since* last **Thursday's** interim results. **Stewart *Plastics*** *found* renewed support and put on 8 to 162p.

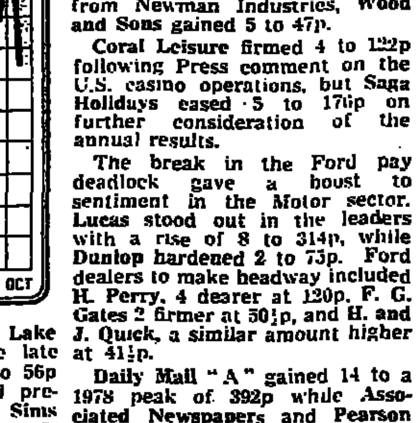
Freemans please

Despite a denial by a company director over the week-end, bid speculation was still an influence in **Burton** and the ordinary touched 188p before closing a further 5 up at 185p, while the A closed a penny better at 175p, after 177p. Elsewhere in firm Stores, **Gussies A** gained 6 to 328p, **Mothercare** put on 4 to 174p and **Debenhams**, with interim results due on Thursday, hardened 2 to 97p.

Secondary issues were featured by a jump of 25 to a 1978 peak of 405p in *Freemans* following the favourable interim results and proposed 200 per cent scrip issue. **Empire (Bradford)**, which report first-half results tomorrow, rose 7 to 177p in sympathy. Small buying ahead of Thursday's mid-term figures helped **Foster Bros.** rise 7 to 182p, while **Bembers** remained in demand at 166p, up 7. Hopes of a counter or increased offer *from Pentos helped* **Midland Educational** improve 5 to 180p, while **Allied Retailers**, at 112p, closed the same amount better. Still reflecting the breakdown of bid discussions, **Footwear Industry Investments** fell 3 more to 67p. **K Shoes**, on the other hand, rose 4 to 78p.

Still reflecting hopes of imminent rationalisation moves, **Plessey** hardened 3 to 125p and **Racal Electronics** 9 to 344p. **EMI** reflected Press comment with an improvement of 5 more to 165p, while **Thorn Electrical** improved 9 to 388p.

Engineering majors took a distinct turn for the better. Revived buying interest pushed **John Brown** up 18 to 474p, while Press *mention* helped stimulate demand for **GKN** which improved 7 to 275p. **Hawker** firmed 6 to 252p and **Vickers** were noteworthy for a similar rise at 196p. **Tubes**, however, failed to participate in the firmer trend, closing unaltered at 382p, after 378p. Elsewhere, **Lake and Elliot** featured in the late dealings with a rise of 7 to 56p on the better-than-expected preliminary results. **Ransomes Sims** continued firmly at 188p, up 5. Smaller-priced issues to make headway included **W. E. Norton**, 32p, and **Hampson**, 16½p, up 2 and 1½ respectively.



Tesco featured Foods with a rise of 2 to a 1978 peak of 56½p in active trading fuelled by a Press suggestion that a bid may be on the way from BAT Industries. **Associated Dairies**, at 250p, regained all of Friday's reaction of 5, while recent newcomer **Cartiers** improved 6 further to 90p.

Still reflecting hopes of an American listing, **Ladbroke** moved up 5 for a two-day gain of 12 to 198p. **De Vere Hotels** responded to Press comment with a rise of 4 to 172p, while the imbroglio caused by the dismissal of Mr. Eric Morley from the chairmanship of Mecca failed to unsettle **Grand Metropolitan** which finished a penny better at 111p.

Glaxo down late

A firm showing by the miscellaneous Industrial leaders was soured in the late dealings by *Glaxo which ran back to close 22* down at 605p, after 630p, in reaction to the disappointing annual profits. **Turner and Newall**, however, ended 7 higher at the day's best of 192p on consideration of the brighter outlook in Rhodesia and **Stocklake** jumped 8 to 70p for the same reason. Awaiting the outcome of its pay and *productivity* talks, **BOC International** hardened 1½ to 70½p: news of the deadlock came too late to affect. Elsewhere, **Reed Executive** rose 6 to 79p following the sharply higher interim earnings and **Camrex** improved 2 to 56p, after 59p, on the revelation that two directors have resigned because of company policy differences. **Barrow Hepburn** rose 3 to 43p, while favourable Press comment prompted rises of 3 and 12 respectively in **Lawtex**, 74p, and **Centreway**, 273p. Hopes of a counter to Courtauld's 70p per share bid, prompted an improvement of 2 to 74p in **Compton Sons and Webb** and renewed investment demand on consideration of the company's growth potential helped **Ricardo** advance 14 afresh to a 1978 peak of 328p. Recently the subject of an unsuccessful bid from Newman Industries, **Wood and Sons** gained 5 to 47p.

Coral Leisure firmed 4 to 122p following Press comment on the U.S. casino operations, but **Saga Holidays** eased 5 to 176p on further consideration of the annual results.

The break in the Ford pay deadlock gave a boost to sentiment in the Motor sector. **Lucas** stood out in the leaders with a rise of 8 to 314p, while **Dunlop** hardened 2 to 73p. Ford dealers to make headway included **H. Perry**, 4 dearer at 120p, **F. G. Gates** 2 firmer at 50½p, and **H. and J. Quick**, a similar amount higher at 41½p.

Daily Mail "A" gained 14 to a 1978 peak of 392p while **Associated Newspapers** and **Pearson Longman** gained 5 to 190p and 230p respectively. Speculative counter **Mills and Allen** put on 13 to 190p. After falling away to 93p, **Tridant Group Printers** rebounded to 99½p for a net gain of 1½: the announcement that the independent directors are now recommending the Arcus Press *offer of 100p and withdrawing* their support of the 85p bid from Starwest Investments came well after market hours.

A penny or so easier at the outset, leading Properties recovered to close at, or near, overnight levels, but **English**, at 39p, gave up Friday's rise of 1½ which reflected the higher interim profits. **Peachey** firmed 3½ to 88p following a favourable Press mention, while satisfactory annual profits lifted **R. Green** 3 to 42p. **Midhurst Whites**, in receipt of a 48p cash offer from the Dutch group Wereldhave, eased ½ to 47½p: following market purchases, Wereldhave has gained voting control of Midhurst assuming full conversion of the 5 per cent *convertible loan stock*.

Oil leaders held quietly steady until the latter part of the day when prices eventualy tended harder in line with general sentiment. **British Petroleum** closed 4 higher at 902p and **Shell** 3 dearer at 575p, but dollar premium influences left **Royal Dutch** ¾ lower at £45. Among the more speculative issues, late support left **Ultramar** 8 to the good at 236p, while **Tricentrol** picked up 4 to 178p. A few pence dearer at 90p in front of the interim results, **Hunting Petroleum** were called 88p, unaltered on the day, following the downward revision in the annual profits forecast.

S. Pearson continued firmly, rising 9 for a two-day rise of 15, to 243p, after 245, on publicity highlighting the profit potential of its subsidiary's "Watership Down" rights. Speculative interest lifted **Fitzroy Investment** 1½ to 22½, while small selling clipped 2 from the Hong Kong-based **Haw Par** at 62p. **Yorkkgreen** were quoted ex the rights issue at 13p, while the new nil-paid shares opened at 1½ premium and closed at 1p premium.

Shippings were featured by a rise of 10 to 140p in **Common Bros.** on small buying in a restricted market.

Following rejection of the bid from Wm. Baird, **Dawson International** closed unaltered at 199p, after 203p, with the "A" shares a penny lower at 198p, also after 203p. Elsewhere in Textiles, **Jerome** firmed 2 to 54p in response to the interim results, while **Wm. Pickles**, up 3 more at 19p, attracted fresh support ahead of today's half-yearly statement.

Press comment directed attention to **Anglo-Indonesian** which rose 5 to 102p in otherwise dull Rubbers. Teas had **Blantyre** 10 better at 620p following the announcement that Warren Plantations had sold its holding of 72,500 ordinary shares.

RTZ improve

London-registered Financials were the only section of mining markets to show any worthwhile gains. The recent buoyancy of base-metal prices, particularly lead and zinc, helped **Rio Tinto-Zinc** to put on 4 to 254p, with *sentiment also boosted by the* firmness of the UK equity market. **Gold Fields** responded to buying in front of tomorrow's results, rising 3 more to 188p.

On the other hand, South African Gold shares lost ground for the third consecutive trading day.

Among heavyweights Golds **Randfontein** were notably weak, falling £1¾ to £34¾, while losses of between ¼ and ¾ were common to **Vaal Reefs**, £14¾, **West Driefontein**, £23¼ and **Western Holdings**, £20¼.

South African Financials sustained fairly heavy losses owing to the lower premium and profit-taking. **Anglo American Corporation** were particularly vulnerable and dropped 20 to 356p, while **De Beers** lost 18 to 403p and *Union Corporation 15 to* 305p.

In contrast, Platinums edged higher following favourable week-end Press mention. Ly[illegible] rose 4 to 77p and Bishop[illegible] penny to 104p.

Zambian copper producers [illegible] registered small gains. The proposed opening of the Zambia-Rhodesian rail route prompted a further rise of 2 in RCM, 7[illegible] while Zambia Copper Investments hardened a penny to 1[illegible] after 17p.

Elsewhere, a strong demand [illegible] *Canadian markets late on Fri[illegible]* saw **Tara Exploration** move a[illegible] and close 113 higher at 975p.

FINANCIAL TIMES STOCK INDICES

—	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	A year ago
Government Secs.	69.87	69.89	69.95	69.97	69.86	69.71	76.89
Fixed Interest	71.65	71.83	71.82	71.61	71.59	71.78	79.28
Industrial	510.2	503.0	504.8	511.1	505.2	499.2	509.1
Gold Mines	167.1	172.5	173.9	174.1	166.2	163.1	152.2
Ord. Div. Yield	5.28	5.34	5.31	5.24	5.31	5.37	5.26
Earnings Yld% (full)(*)	14.66	14.80	14.98	14.79	14.98	15.15	15.48
P/E Ratio (net) (*†)	9.03	8.94	8.85	8.96	8.85	8.75	9.13
Dealings marked	4,694	4,172	4,793	5,038	4,629	4,984	5,889
Equity turnover £m	—	71.61	69.83	87.36	62.74	63.14	66.55
Equity bargains total	—	12,168	15,368	18,202	15,499	14,764	14,591

10 am 502.8. 11 am 503.7. Noon 508.2. 1 pm 509.1. 2 pm 509.3. 3 pm 509.4.

Latest Index 01-246 8026.

*Based on 52 per cent corporation tax. †Nil=8.79.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 9	Oct. 6
—Daily		
Gilt-Edged	185.4	[illegible]
Industries	158.0	[illegible]
Speculative	42.2	[illegible]
Totals	104.6	[illegible]
5-day Average		
Gilt-Edged	162.9	[illegible]
Industrials	161.2	[illegible]
Speculative	37.9	[illegible]
Totals	105.7	[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20

For rate indications see end of Share Information Service

Stocks favoured for the call were Consolidated Gold Fields, Premier Consolidated Oil, Duple International, EMI, First National Finance, W. Ribbons, Tesco, Homfray, J. Halstead, United Carriers, Belhaven Brewery and Fodens. A put was done in First National Finance, while doubles were arranged *in* W. Ribbons, Town and City Properties and First National Finance.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (75)

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 4pc 1976-78

BEERS (1)
Burtonwood

BUILDINGS (6)
Allied Plant, Hewden-Stuart, Brown & Jackson, Do. 7pc Conv., Brownlee, Southern Cons.

CHEMICALS (2)
Halstead (J.), Wolstenholme

STORES (5)
Allied Retail, Freemans (London), Bambers, Owen Owen, Foster Bros.

ELECTRICALS (6)
Clifford & Snell, Jones Stroud, Cray Electronics, Unitech, Dubilier, Westinghouse

ENGINEERING (12)
Brit. Aluminium, Ransomes Sims, Davy Corp., Startrite, Hampson, Utd. Spring, Lairo, Victor Prods., Martonair, W.G.I., Norton (W. E.), Williams & James

FOODS (4)
Batleys Yorkshire, Cartiers, British Sugar, Tesco

HOTELS (1)
Wheeler's

INDUSTRIALS (13)
BTR, Lawtex, Black (P.), Prov. Laundries, Central Sheerwood, Reed Executive, Christies Intl., Relyon PBWS, Compton Sons Webb, Ricardo, Hay (N.), Sotheby (P. B.), Inter-City

LEISURE (2)
Assoc. Leisure, Horizon

NEWSPAPERS (1)
Daily Mail A

PAPER (2)
Culter Guard, Tridant Group

PROPERTY (5)
Allied London, Fairview Ests., Country New Town, Lond. Shop Prop., Ests. & Agency

SHIPBUILDERS (1)
Swan Hunter

SHIPPING (1)
Brit. & Com'wealth

SHOES (2)
Stylo Shoes, Turner (W. & E.)

TEXTILES (3)
Montfort, Pickles (W.), Notts. Mfg.

TRUSTS (3)
Bishopsgate Prop., Kwahu, Channel Is. Cap.

OVERSEAS TRADERS (1)
Aust. Agric.

RUBBERS (1)
Anglo-Indonesian

TEAS (2)
Assam Dooars, Warren Plants.

NEW LOWS (6)

BRITISH FUNDS (2)
Treas. 11½pc 1979, Treas. 14pc 1982

AMERICANS (1)
Gen. Electric

BUILDINGS (1)
Aberdeen Constr.

INDUSTRIALS (2)
Baxter Travenol, E.C. Cases

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	16	58
Corpns., Dom. and Foreign Bonds	4	2	56
Industrials	388	221	923
Financial and Prop.	125	71	318
Oils	6	8	22
Plantations	8	8	15
Mines	15	69	56
Recent Issues	14	5	28
Totals	562	400	1,476

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	900	20	6	61	5	85	—	900p
Cons Gold	180	11	21	22	49	28	—	188p
Cons Gold	200	2	—	10	25	19	—	
Courtaulds	120	6	13	9½	—	14	—	124p
Courtaulds	130	1½	7	5	10	10	—	
GEC	260	78	10	86	4	90	—	335p
GEC	280	58	—	67	5	73	—	
GEC	300	38	—	49	—	57	5	
GEC	330	10½	—	29	6	39	—	
GEC	360	2	—	18	8	26	—	
Grand Met	100	13	—	21½	20	24½	—	111p
Grand Met	110	4½	10	18½	—	15½	—	
Grand Met	120	1	7	6	—	9	3	
ICI	360	44	1	56	—	61	—	400p
ICI	390	14½	3	34	—	41	—	
ICI	420	2	8	16½	3	23	—	
Land Secs.	240	4	5	16	—	23	—	236p
Marks & Sp.	80	6½	5	11½	—	14½	—	86p
Shell	550	30	10	50	4	65	—	575p
Shell	600	4	10	24	2	34	—	
Totals			116		141		8	
		November		February		May		
BOC Intl.	70	4½	2	6½	12	10	—	70p
BOC Intl.	80	1	—	2½	—	5½	38	
EMI	140	27	1	29	17	36	—	165p
EMI	160	13	4	18	—	25	—	
EMI	180	3	—	10	6	16	—	
RTZ	260	8½	5	22	10	30	—	254p
Totals			12		45		30	

APPOINTMENTS

BP Chemicals Board posts

Mr. R. B. Horton is to join the Boards of BP CHEMICALS INTERNATIONAL and BP CHEMICALS and will become deputy managing director of both concerns on November 13. Mr. Horton has been general manager, corporate planning in BP Trading for the past two years. He is also chairman of BP Technical Development, concerned with the marketing of BP's R and D technology; chairman of Emerald Offshore Services; and a director of Scientific Control Systems.

★

Mr. Jack Richardson has been appointed a director of GEORGE COHEN MACHINERY, a member of the 600 Group. He will continue to be based at Leeds, responsible for George Cohen Machinery branches in the North.

★

Mr. Derek J. White has been appointed managing director of STONEFIELD VEHICLES. He joins the company from Rockwell Maudsley.

★

Mr. Roy Mills, Mr. Fred Willson and Mr. Roman Puzyna have been appointed divisional directors of ANDREWS-WEATHERFOIL, a member of the Powell Duffryn Group.

★

Sir Timothy Harford has been appointed to the Boards of the PROVINCIAL INSURANCE COMPANY and PROVINCIAL LIFE ASSURANCE COMPANY.

★

Mr. J. D. Bridel has been appointed a director of TOWRY LAW INVESTMENT AND ADVISORY SERVICES.

★

Sir Campbell Fraser has been appointed to the Boards of FINANCE FOR INDUSTRY and FINANCE CORPORATION FOR INDUSTRY.

★

Professor L. C. B. Gower has been appointed a non-executive director of PIRELLI GENERAL CABLE WORKS *in place of* Professor T. Lupton, who has retired from the Board. Professor Gower is Vice-Chancellor of the University of Southampton.

★

Mr. L. Allday has been appointed technical director of TI CHESWICK SILENCERS.

★

Mr. P. L. B. Stoddart has succeeded the late Mr G. F. B. Grant as chairman of the GREENFRIAR INVESTMENT COMPANY.

★

The EXPORT CREDITS GUARANTEE DEPARTMENT has created a new post of principal finance officer at Under-Secretary level and has appointed Mr. J. Gill, Under-Secretary in charge of ECGD's Departmental Services Group to that position. Mr. R. T. Kemp, Under-Secretary, takes Mr. Gill's place as head of the Departmental Services Group and Mr. M. G. Stephens, on promotion to Under-Secretary, succeeds Mr. Kemp as head of one of ECGD's Project Underwriting Groups.

★

BUCHANAN BOOTH'S AGENCIES, announce that Mr. W. H. Stirling has been appointed a *director. He will be taking over* from Mr. N. J. C. Hanbury, who will be retiring towards the end of the year. In his new appointment, Mr. Stirling's interests will cover not only Buchanan's Whiskies, including the Buchanan Blend, but the other brands marketed by Buchanan Booth's Agencies—Booth's Finest Dry Gin, High and Dry Kin, Cossack Vodka and the Hine range of Cognacs.

★

Mr. Alan Hudges has been appointed works director of MATTHEWS AND YATES manufacturer of fans and air conditioning equipment, Swinton, Manchester.

★

MOTOR PANELS (COVENTRY) a member of the Rubery Owen Group, announce the appointment of Mr. Sean Blanco as works director.

★

Mr. David J. Ashley has been appointed assistant divisional managing director of the BROCKHOUSE group's general engineering division.

★

Mr. David Charlesworth has been appointed director and general manager of SIMON-PM SERVICES.

★

Earl Grey has been elected president of the ASSOCIATION OF COST AND EXECUTIVE ACCOUNTANTS.

★

The Secretary for Prices has appointed Mr. J. H. Russell as a new part-time member of the MONOPOLIES COMMISSION from November 1, 1978, to June 30, 1981. Mr. Russell is deputy chairman and managing director of Duport.

★

Mr. G. D. A. Hathaway, company secretary of G. R. FRANCIS GROUP has been appointed group financial director.

★

Mr. Raymond Monbiot, who joined the ASSOCIATED BISCUIT MANUFACTURERS as managing director of the home biscuit division in September, has been appointed to the main Board.

★

Sir Bernard Callinan has been appointed a non-executive director of CSR. Until June, 1978, Sir Bernard was chairman and managing director of Gutteridge Haskins and Davey Pty.

★

Mr. Terence Shipton has been appointed to the Board of DORADA HOLDINGS and managing director of the group. Since 1974, when the company divided its trading activities into two groups—motor distribution and engineering—Mr. Shipton has been managing director of Dorada Motor Group.

★

Mr. G. B. Stubley has been appointed managing director of S. LYLES SONS AND CO.

★

FINNISH PAPER AND BOARD SERVICES, London, has appointed Mr. Rolf Eriksson managing director from November 1. He has been managing director of Finntransit, Felixstowe, for the past three years.

★

Following a rearrangement of the Board, the following have been appointed directors of CHANDLER HENDERSON FINANCIAL SERVICES, the company owned jointly by Chandler Hargreaves Whittall and Co. and Henderson Administration: Mr. R. J. L. Bramble, chairman, Mr. J. P. R. Love, managing director, Mr. D. J. Browne, managing director, Mr. A. D. Tennant, Mr. R. P. St. G. Cazalet, Mr. I. B. Church, Mr. J. C. V. Lang, Mr. A. Topley, Mr. D. H. Hume, and Mr. J. Harrison. Mr. R. C. Benn, Mr. B. J. G. Leach, Mr P. M. C. J. Stevens and Mr. D. E. Waldron have been appointed assistant directors.

★

MAT TRANSPORT INTERNATIONAL GROUP announces the appointment of Mr. Eugene W. Goodwillie, Jr. to the main Board as *non-executive director*. He is the resident London partner of the American law firm, White and Case.

★

DOBSON PARK INDUSTRIES, the Nottingham and Wigan based mining and specialised engineering group, has appointed its group deputy chairman, Mr. J. Francis, as chairman of the Kango division, following the retirement of Mr. Nigel Kane. Mr. G. J. Chibbett has relinquished his responsibilities as group finance director, while retaining the chairmanship of the Engineering Division (Midlands). Mr. G. H. Edwards joins the Board as group finance director.

★

HALL, RUSSELL AND CO. announces the reconstituted Board following the recent retirement of Mr. J. Wright as managing director, and the resignations of London-based non-executive directors, Sir James Steel and Mr. J. A. Dearlove. The new Board comprises: Mr. J. Wright, non-executive chairman, Mr. D. A. Paul, managing director, Mr. J. Milne, deputy managing director, Mr. T. J. Parker, financial director, and two new directors, Mr. J. C. Hendry, technical director, formerly chief estimator and Mr. R. S. McHattie, shipbuilding director, formerly company naval architect.

★

Mr. Bruce M. Gandy has been appointed managing director of CULTER GUARD BRIDGE EXPORT.

★

Mr. Douglas G. McLean has been appointed regional manager, international aviation sales, TEXACO, located in London. He will co-ordinate aviation sales activities for Texaco companies *and affiliates in Europe, Africa*, and the Middle East. He was previously general manager of Texaco Olie Maatschappij B.V. in Rotterdam.

★

HASLEMERE ESTATES has invited Mr. Timothy O'Rorke and Mr. Christopher Benham to join the Board, from November 1.

★

Mr. Kenneth O. Boardman has retired as chairman of K.O. BOARDMAN INTERNATIONAL, the Stockport textile group, in favour of Mr. G. S. Ruia.

★

Mr. G. D. Hole has joined BARCLAYS BANK as group risk manager.

★

A corrected agency announcement states that Mr. Stephen Morley, managing director of the property division, has been appointed to the Board of LCP HOLDINGS, not Mr. Marley as reported yesterday.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	10	399	+ 3	421	328
Shell Transport	25p	10	575	+ 3	602	484
Barclays Bank	£1	9	335	+ 5	368	296
BP	£1	9	902	+ 4	926	720
FNFC	10p	9	7	− 1	8¼	1¾
GEC	25p	9	337	+ 7	338	233
BATs Defd.	25p	8	265	+ 5	304	227
GUS A	25p	8	328	+ 6	340	256
Reed Intl	£1	8	167	+ 5	173	102
Beecham	25p	7	700	—	743	583
Boots	25p	7	207	—	237	184
EMI	50p	7	165	+ 5	190	130
Ladbroke	10p	7	198	+ 5	215	155
Tube Invs.	£1	7	382	—	436	336
GKN	£1	6	275	+ 7	298	248

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
775	F.P.	27/10	830	800	British Alum'ium New	820	−5	u60	3.4	9.1	2.8
101	F.P.	22/11	400	345	Ferranti New	380	+2	b5.75	11.9	2.3	10.0
101	Nil	28/10	300pm	240pm	Do. Nil Paid	285pm	+4	b5.75	11.9	2.8	10.2
‡‡	F.P.	24/11	36½	31½	Manor Nat. Grp. Motors	33½	+½	r2.14	1.5	9.6	11.6
‡‡	F.P.	—	122	100	Rightwise	118	−2	—	—	—	4.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	—	13/10	[illegible]	[illegible]	Anglo[illegible] 12% Conv. Prf.	13½	.....
‡‡	F.P.	10/11	99½	99½	Benn Bros. 10% Prf.	99½	.....
§	£1	4/1	10½	10	Bristol Waterworks 7% Prf. 1985	10	.....
‡‡	F.P.	10/11	101½	101½	Casket (S.) 10½% Prf.	101½	.....
‡‡	—	27/10	[illegible]	[illegible]	Cowan De Groot 10½% Prf.	107½	.....
99½	[illegible]	29/9	[illegible]	[illegible]	Hill & Smith 13% 1st Deb. 2000-05	[illegible]	.....
£10½	F.P.	8/12	[illegible]	101	Howard & Wyndham 18% Uns. Ln. 88-91	101½	.....
£99½	F.P.	—	[illegible]	[illegible]	Kensington and Chelsea Var. Rate 1983	98¼	.....
‡‡	—	3/11	[illegible]	[illegible]	Latham James 8% Cum. Pref.	81	.....
‡‡	F.P.	10/11	101½	[illegible]	Marshalls Halifax 10% Prf.	101½	+½
‡‡	F.P.	10/11	[illegible]	80½	Prop. Sec. Inv. 8% Prf.	80½	.....
§	Nil	26/10	124pm	19pm	Prov. Laundries 12% Cnv. 86/88	24pm	+2
‡‡	F.P.	—	120	105	Rightwise 10% Conv. Uns. 1995	118	−2
£99½	£10	10/1	[illegible]	[illegible]	Southwark Corp. 12½% Red. 1987	8¼	+¼
£99½	F.P.	—	[illegible]	[illegible]	Strathclyde Var. Rate 1983	98	.....
£97½	£10	26/1	13½	9½	West Kent Water 7% Pref. 1983	9⅝	−⅛

"RIGHTS" OFFERS

Issue Price p	Amount Paid	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p	+ or −
66	F.P.	19/9	27/10	[illegible]	69	Aaronson Bros.	73	.....
285	F.P.	22/9	27/10	360	327	B.I.R.	342	−2
390	Nil	27/9	13/11	[illegible]	7pm	Barlow Rand	8pm	−4
50	F.P.	30/8	24/11	74	65	Blackwood Hodge	68	.....
44	F.P.	29/9	10/11	[illegible]	51	British Printing	52½	.....
12	Nil	18/10	30/11	[illegible]	2½pm	Change Wares	2½pm	.....
118	F.P.	21/9	3/11	145	135	Chubb	140	.....
FF110	Nil	—	—	[illegible]	20pm	Cie. Fr. Petroles	20pm	.....
265	F.P.	8/10	17/11	308	298	Daigety	304	+2
100	F.P.	6/10	3/11	100	100	Dulay Bit'nastic 10% Cnv. Ln '88-93	100	.....
65	F.P.	6/10	10/11	89	83	Howdon Group	89	+1
74	Nil	25/9	27/10	[illegible]	84	Initial Services	96	.....
10	F.P.	—	—	14	10½	††Kunick Holdings	13½	.....
77	F.P.	11/9	27/10	90pm	62pm	Lex Service	86pm	+½
85	F.P.	6/10	27/10	106	97	Lon. & Midland Ind.	103	+2
38	Nil	—	—	26pm	6pm	Pawson (W.L.)	25pm	+½
77	Nil	—	—	4pm	3pm	Rand London	4pm	+1
40	F.P.	29/9	27/10	80	60	Ratners (Jewellers)	72	.....
42	F.P.	6/10	3/11	51	40	Reliance Knitwear	51	+1
200	F.P.	25/9	8/11	320	285	Ricardo Eng.	320	.....
25	Nil	9/10	6/11	38	35	Weerwell	38	.....
12	Nil	—	—	1½pm	1pm	Yorkgreen	1pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., Oct. 9, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri., Oct. 6 Index No.	Thur., Oct. 5 Index No.	Wed., Oct. 4 Index No.	Tues., Oct. 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	246.97	+1.0	15.62	5.06	8.79	244.63	245.13	248.32	244.26	[illegible]
2	*Building Materials* (27)	211.14	+0.6	16.57	5.36	8.33	209.84	210.06	212.67	210.01	[illegible]
3	Contracting, Construction (28)	386.57	+0.7	17.94	4.09	8.10	383.81	385.81	387.45	384.38	[illegible]
4	Electricals (14)	579.79	+1.6	12.50	3.19	11.06	570.81	568.40	580.62	566.85	[illegible]
5	Engineering Contractors (14)	382.28	+0.5	17.37	5.69	7.80	380.43	380.13	381.45	374.16	[illegible]
6	Mechanical Engineering (72)	194.23	+0.7	17.00	5.62	7.85	192.80	194.36	196.70	193.33	[illegible]
8	Metals and Metal Forming (16)	172.09	+1.0	15.52	8.27	8.93	170.44	170.93	172.37	170.95	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	218.75	+1.2	15.70	4.85	8.90	216.13	216.32	218.50	214.62	[illegible]
12	Lt. Electronics, Radio, TV (16)	270.20	+1.3	13.62	3.77	10.29	266.73	267.08	270.40	263.58	[illegible]
13	Household Goods (12)	186.23	+0.1	15.99	6.08	8.61	186.06	185.89	185.96	183.24	[illegible]
14	*Motors and Distributors* (25)	129.80	+1.3	19.13	6.38	7.29	128.10	128.18	129.24	128.49	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	218.44	+1.2	15.08	5.62	8.93	215.78	216.65	218.09	215.27	[illegible]
22	Breweries (14)	231.17	+1.0	14.51	6.14	9.48	228.98	230.91	231.72	229.52	[illegible]
23	Wines and Spirits (6)	289.00	+1.3	14.73	4.97	10.13	285.40	286.82	290.52	282.72	[illegible]
24	Entertainment, Catering (17)	274.89	+1.4	13.22	6.34	11.03	271.06	271.42	270.73	264.77	[illegible]
25	Food Manufacturing (19)	212.88	+1.1	18.18	5.07	7.28	210.60	211.57	212.78	211.82	[illegible]
26	Food Retailing (15)	232.63	+1.5	12.99	4.43	10.70	229.20	230.27	229.91	227.66	[illegible]
32	Newspapers, Publishing (12)	394.42	+0.9	19.38	6.11	7.24	390.74	391.92	387.58	384.25	[illegible]
33	Packaging and Paper (15)	148.12	+1.8	17.39	7.23	7.58	145.51	146.21	147.44	145.82	[illegible]
34	Stores (40)	206.38	+1.2	10.61	4.41	13.76	204.03	204.40	206.81	203.06	[illegible]
35	Textiles (25)	188.34	+1.0	17.50	7.40	7.43	186.56	186.51	188.16	186.39	[illegible]
36	Tobaccos (3)	244.07	+1.6	22.56	7.68	5.25	240.34	242.41	243.99	242.41	[illegible]
37	Toys and Games (6)	117.97	+0.4	19.21	5.41	6.09	117.47	116.94	118.22	116.99	[illegible]
41	OTHER GROUPS (99)	213.67	+0.4	14.68	5.69	8.79	212.77	213.37	214.80	212.34	[illegible]
42	Chemicals (19)	299.36	+0.8	15.30	6.31	8.50	297.06	297.81	300.30	297.98	[illegible]
43	Pharmaceutical Products (7)	275.37	−0.8	10.41	3.73	11.82	277.61	280.89	284.13	281.38	[illegible]
44	Office Equipment (6)	140.89	+0.1	17.25	5.39	6.91	140.73	139.85	141.91	139.26	[illegible]
45	Shipping (10)	427.77	−0.1	14.53	7.13	8.79	428.35	426.74	431.56	426.67	[illegible]
46	Miscellaneous (57)	231.46	+1.0	16.24	6.09	8.19	229.12	229.24	229.12	225.70	[illegible]
49	INDUSTRIAL GROUP (485)	231.64	+1.0	15.17	5.44	8.86	229.44	230.13	232.10	228.99	[illegible]
51	Oils (5)	510.04	+0.5	13.70	3.94	7.92	507.50	511.71	516.20	507.62	[illegible]
59	500 SHARE INDEX	255.05	+0.9	14.95	5.22	8.71	252.80	253.76	255.93	252.38	[illegible]
61	FINANCIAL GROUP (100)	166.52	+0.6	—	5.84	—	165.51	165.24	166.28	164.26	[illegible]
62	Banks (6)	183.65	+1.0	25.45	6.38	5.89	181.89	180.96	183.41	181.03	[illegible]
63	Discount Houses (10)	206.69	−0.6	—	8.37	—	207.91	208.43	206.98	205.74	[illegible]
64	Hire Purchase (5)	157.53	−0.4	15.46	5.23	8.53	158.16	158.37	158.02	156.72	[illegible]
65	Insurance (Life) (10)	137.47	+1.5	—	6.83	—	135.48	136.18	135.53	134.11	[illegible]
66	Insurance (Composite) (7)	124.14	+0.6	—	7.06	—	123.37	123.56	124.79	122.62	[illegible]
67	Insurance Brokers (10)	341.29	+0.2	13.90	4.85	10.29	340.48	341.01	344.83	340.97	[illegible]
68	Merchant Banks (14)	83.30	—	—	5.84	—	83.26	82.69	82.17	81.64	[illegible]
69	Property (31)	261.14	+0.3	3.32	2.81	51.50	260.24	258.67	259.22	255.94	[illegible]
70	Miscellaneous (7)	108.45	−0.6	23.28	7.70	5.56	109.10	109.16	108.80	109.07	[illegible]
71	Investment Trusts (50)	223.31	+0.1	3.12	4.64	32.05	223.03	223.92	223.83	223.22	[illegible]
81	Mining Finance (4)	111.49	+1.1	15.80	6.39	7.71	110.25	110.31	110.40	108.72	[illegible]
91	Overseas Traders (19)	328.63	+0.3	14.83	7.00	8.45	327.75	326.66	324.74	319.98	[illegible]
99	ALL-SHARE INDEX (673)	232.09	+0.8	—	5.35	—	230.25	230.86	232.56	229.44	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Oct. 9	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.29	−0.01	0.32	7.38
2	5-15 years	114.55	—	—	7.61
3	Over 15 years	119.44	+0.04	0.68	10.91
4	Irredeemables	127.21	—	—	9.02
5	All stocks	112.13	+0.02	0.39	8.75

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon., Oct. 9	Fri., Oct. 6	Year ago (approx.)
1	Low Coupons	5 years	9.05	9.05	[illegible]
2		15 years	11.09	11.08	[illegible]
3		25 years	11.89	11.89	[illegible]
4	Medium Coupons	5 years	12.02	12.01	[illegible]
5		15 years	12.26	12.25	[illegible]
6		25 years	12.26	12.26	[illegible]
7	High Coupons	5 years	12.04	12.02	[illegible]
8		15 years	12.80	12.80	[illegible]
9		25 years	12.94	12.94	[illegible]
10	Irredeemables		11.71	11.71	[illegible]

		Monday, Oct. 9 Index No.	Monday, Oct. 9 Yield %	Fri. Oct. 6	Thurs. Oct. 5	Wed. Oct. 4	Tues. Oct. 3	Mon. Oct. 2	Friday Sept. 29	Thurs. Sept. 28	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.70	†12.87	57.72	57.70	57.70	57.70	57.71	57.70	57.70	[illegible]
16	Investment Trust Prefs. (15)	51.74	13.56	51.74	51.74	51.74	51.22	51.37	51.57	51.37	[illegible]
17	*Coml. and Indl. Prefs.* (20)	71.29	13.08	71.37	71.37	71.37	71.31	71.34	71.47	71.38	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

...mes Finlay Unit Trust Mngt. Ltd.

14, West Nile Street, Glasgow. 041 204 1321

Finlay Internat'l.	24.6	26.0xd	.....	2.23
Accum. Units	29.3	31.5xd	.....	2.23
Finlay Income	34.8	37.0xd	.....	8.14
Finlay Euro.Fin.	26.9	30.5xd	.....	2.06
Accum. Units	32.8	35.5xd	.....	2.06
Finlay Fd.In.Tst.	29.2	31.7xd	.....	4.01
Accum. Units	33.7	36.4xd	.....	4.01

Prices Oct. 4. Next dealing Oct. 11.

CORAL INDEX: Close 509-514

INSURANCE BASE RATES

†Property Growth..........10¼%

†Vanbrugh Guaranteed..........9.75%

†Address shown under Insurance and Property Bond Table.

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	197.0	209.0	.....	—

As at August 31. Next sub. day Sept. 29.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$353.70	.....	2.90
Jardine J'pn.Fd.*	HK$412.61	.....	0.80
Jardine S.E.A.	$US19.74	.....	1.80
Jardine Flem.Int.	HK$12.48	.....	—
Intl Pac.Secs.(Inc.).	HK$14.75	.....	—
Do. (Accum.)	HK$14.90	.....	—

NAV Sept. 30. *Equivalent $US87.21. Next sub. Oct. 13.

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Sept.28	$US13.93	14.28	.....	—
CMT Ltd. Sept.28	£14.39	14.76	.....	—
MetalsTst.Sept.21	£12.38	12.68	.....	—
TMT Sept. 14	$US11.48	11.78	.....	—
TMT Ltd. Sept. 14	£11.39	11.69	.....	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.75	+0.02	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ф. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
105¼	101½	Treasury 11½pc 79‡‡	101½	–½	11.36	8.95
97	94¾	Treasury 3pc '79‡‡	96	......	3.13	7.49
[illegible]	[illegible]	[illegible]	97	[illegible]	4.38	7.53

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3.09
415	350	German Yng. 4½pc	411	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	f6.94
51	46	Do. 6pc '28 Stab. Ass.	50	......	6	f6.07
44	40	Do. 4pc Mixed Ass.	42	......	4	f4.83

BONDS & RAILS—Cont.

AMERICANS

S.E. List Premium 38¼% (based on US$1.9820 per £)

Conversion factor 0.7247 (0.7191)

CANADIANS

S.E. List Premium 38¼% (based on $2.3360 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
217	155	Hambros	187	......	9.76	—	7.8	—
100	81	Hill Samuel	95	......	4.97	—	7.8	—
600	300	Do. Warrants	300	......	—	—	—	—
360	205	Hong Shng. $2.50.	286	–6	hQ59c	—	2.4	—
69	52	Jessel Toynbee	60	......	h3.32	—	8.3	—
215	160	Joseph (Leo) £1	190	......	8.74	—	6.9	—
52	37	Keyser Ullmann	50	......	0.67	—	2.0	—
74	56	King & Shax 20p	62	......	3.44	—	8.3	—
114	90	Kleinwort B.L.	102xd	......	†4.18	—	6.1	—
297	242	Lloyds £1	252	+2	†9.23	4.8	5.5	5.7

BANKS & HP—Continued

Hire Purchase, etc.

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OVERSEAS TRADERS

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TEAS

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Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

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O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	170	.....	Q60c	ϕ	21.4
24	15	Rhod'n Corp 16½p	17	.....	0.57	7.1	5.0
80	52	Roan Cons. K4	72	+2	—	—	—
41	32	Wankie Col. Rh 1	35	+1	Q9c	ϕ	16.5
17½	10	Zam.Cpr SBD0.24	16	+1	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	11	..	—	—	—
140	64	Bougainville 50Toea	127	−4	†Q8c	1.4	4.0
131	63	BH South 50c	115	−1	—	—	—
820	150	Central Pacific	475	−25	—	—	—
336	148	Conzinc Riotinto 50c	300	−4	‡Q10c	2.2	‡
27	9½	EagleRour 20c	25	..	—	—	—
72	45	G.M. Kalgoorlie $1	66	+1	—	—	—
68	18	Hegma Gold N.L.	50	−3	—	—	—
140	81	Hampton Areas 5p	128	..	13.55	2.0	4.1
40	10	Metals Ex. 50c	35½	−½	—	—	—
223	125	M.I.M. Hldgs. 50c	201xd	+1	Q9c	1.7	2.8
39	10	Mount Lyell 25c	26	....	—	—	—
7	1½	Newmetal 10c	6¼	−¼	—	—	—
143	79	North B. Hill 50c	115	−4	Q8c	1.3	4.4
16½	8½	Nth. Kalgurli	15	....	—	—	—
50	12	Nth. West Mining	35	−3	—	—	—
178	117	Oakbridge $A1	141	−1	†Q11c	1.9	4.9
42	10	Otter Exp. N.L.	31	....	—	—	—
70	30	Pacific Copper	58	−2	—	—	—
£15½	750	Pancont'l 25c	£10¼	−½	—	—	—
40	12	Paringa M&Ex. 5p	30½	−1	—	—	—
570	310	Peko-Wallsend 50c	478	−16	Q15c	ϕ	1.9
300	50	Southern Pacific	190	....	—	—	—
164	84	Westn. Mining 50c	142	−2	Q5c	ϕ	‡
70	35	Whim Creek 20c	55	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	24	.....	2.81	1.3	17.4
420	240	Ayer Hitam $M1	330xd	.....	Q300c	ϕ	19.5
60	45	Beralt Tin	49	.....	14.0	4.4	12.8
305	200	Berjuntai $M1	240	.....	Q110c	ϕ	9.8
155	111	Geevor	150	.....	5.04	5.8	5.0
10½	8½	Gold & Base 12½p	10	.....	—	—	—
340	220	Gopeng Cons.	325	.....	15.23	0.9	7.1
230	130	Hongkong	230	.....	—	—	—
93	78	Idris 10p	90	.....	‡12.0	1.6	‡
11	7	Jantar 12½p	8	.....	—	—	—
84	68	Kamunting $M0.50	74	.....	Q12½c	2.1	3.6
640	450	Killinghall	630	+5	Q125	ϕ	19.8
470	280	Malay Dredging $M1	435	.....	†Q95c	0.8	4.7
78	40	‡Pahang	64	.....	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	74	.....	6.60	1.3	13.3
270	165	Petaling $M1	245	.....	†Q80c	1.6	7.5
67	49	Saint Piran	63	.....	2.03	6.5	4.8
62	47	South Crofty 10p	62	.....	4.19	2.0	10.1
245	140	South Kinta $M0.50	220	.....	sQ145c	0.6	14.2
340	230	Sthn Malayan $M1	310	.....	†Q131.3c	1.1	9.1
240	134	Sungei Besi $M1	205	.....	Q65c	5.3	6.8
85	55	Supreme Corp. $M1	70	.....	ZQ10c	—	3.1
100	85	Tanjong 15p	90	.....	6.60	0.8	10.9
100	74	Tongkah Hrbr $M1	90	.....	†Q6.82c	1.6	‡
270	148	Tronoh $M1	225xd	.....	‡Q68c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	72	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	56	.....	—	—	—
17	9	Burma Mines 17½p	13	.....	—	—	—
300	215	Cons. Murch. 10c	235	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	420	−15	—	—	—
258	164	R.T.Z.	254	+4	9.5	2.8	5.7
90	30	Sabina Inds. C$1	56	....	—	—	—
£12	750	Tara Exptn. $1	975	+113	—	—	—
75	43	Tehidy Minerals 10p	75	.....	ϕ1.35	ϕ	2.7
185	120	Yukon Cons. C$1	150	+5	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ✢ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

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The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	25	......	Sheff. Refrshmt.	63	......
Ash Spinning	49	......	Sindall (Wm.)	105	......
Bertam	18	......			
Bdg'wtr. Est. 50p	330	......			
Clover Croft	26	......	**IRISH**		
Craig & Rose £1	520	......			
Dyson (R. A.) A	37	......	Conv 9% '80/82	£90⅞	......
Ellis & McHdy	67	......	Alliance Gas	68	......
Evered	27	......	Arnott	370	......
Fife Forge	52	......	Carroll (P.J.)	100	......
Finlay Pkg. 5p	20	......	Clondalkin	73	−7
Graig Ship. £1	145	......	Concrete Prods.	130	......
Higsons Brew	80	......	Heiton (Hldgs.)	49	......
I.O.M. Stm. £1	167	......	Ins. Corp.	180	......
Holt (Jos) 25p	258	....	Irish Ropes	110	......
N'thn. Goldsmith	67	......	Jacob	63	......
Pearce (C. H.)	190	......	Sunbeam	30	−1
Peel Mills	21	......	T.M.G.	194xd	......
Sheffield Brick	56	......	Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat West. Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday October 10 1978

Current account deficit forecast

By Guy de Jonquieres, Common Market Correspondent

BRUSSELS, Oct. 9.

THE UK COULD show a current account deficit of up to $500m (£252m) this year, in contrast with the modest surplus officially predicted by the Treasury, according to the latest forecasts by the European Commission in Brussels.

When it presented the budget last April, the Government forecast a current account surplus of £750m. Since then, the Treasury has indicated that it expects the figure to be somewhat smaller, though it still maintains that the current account will be in the black.

The Commission's forecast is based on a less rosy view of the outlook for the trade balance than that taken by the Treasury and the CBI.

It is considered unlikely in Brussels that strong growth in export volume will materialise in the coming months, and it is thought that Britain will do well to maintain its share of sluggish world markets.

In addition, the decline in the invisible surplus which took place last year is expected to continue during 1978, partly because of disappointing levels of revenue from tourism and an adverse trends in transport costs.

More tentatively, the suggestion here is that the UK will probably do *no* better than achieve a rough balance on current account next year.

Although some improvement in invisible earnings is foreseen, this is likely to be offset by a deterioration on trade account resulting from a continuation of the consumer boom extending well into the first half of next year.

The Commission believes that real growth of gross domestic product in the UK this year will be 3.2 per cent.

This would be the second highest growth rate in the EEC after Ireland, for which a 6 per cent growth is forecast, and compares with an average of 2.6 per cent for the Community as a whole.

One of the more surprising forecasts in the Commission study is of a rise in Italy's current account surplus to $5.7bn (£2.9bn) after a $2.3bn surplus last year.

This is close to the $6.4bn surplus forecast for Germany and is equivalent to more than half the $10.4bn surplus forecast for the aggregate payments of the Nine.

On the inflation front, the Commission foresees a reduction in the rate of retail price increase in every EEC country this year, producing an overall average rate of increase of 6.9 per cent. The increase in the UK is put at 8.6 per cent.

Thatcher sets out to win Labour voters

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER last night launched a campaign to persuade traditional Labour voters that they would now feel more at home in a Tory party under her leadership than in a Labour party that had lost direction and integrity.

It was a change of tack that showed the increasing confidence of Conservative Party managers in their ability to attract disillusioned voters who in the past would never consider voting for the party.

Mrs. Thatcher, speaking at the traditional eve of conference agents' dinner in Brighton, argued that many life-long Labour supporters had become disillusioned with the results of the party's rule and its drift to the Left.

"In their views and attitudes they now have far more in common with us Conservatives than with their former party. Yet they remain cut off from us by a wall of misunderstanding, old battles, old prejudices. It is up to us to surmount those barriers," she said.

Her message, certain to be spelled out in greater detail when she winds up the conference on Friday, infers that the party leadership will be anxious this week to advocate policies of moderation and to keep a tight grip on the party's Right-wing.

It would be counter-productive to appeal to disillusioned Labour voters and the uncommitted while at the same scaring them off with demands for extremist policies and confrontation.

The agenda for the conference, which opens this afternoon, is essentially non-contentious but there are dangers for the leadership in the debates on industrial relations, Rhodesia law and order and education.

The Tories were still regarded as the defenders of privilege, whereas in reality Labour had helped create a new privileged class and the need now was to protect the citizen from the system.

Similarly, the Tories were still seen as the party of unemployment, but for the second time in a generation it was Labour that had been responsible for raising unemployment to unprecedented levels.

And far from being anti-trade union, the Conservative Party was above all a party that believed that power should be subject to checks and balances. Special privileges and powers had to carry countervailing duties.

"Unfortunately many Labour supporters do not know us so they rely on hostile caricatures which belong to a different age . . . they are held back by old loyalties and by old prejudices."

The first sensitive issue for the 4,000 representatives comes in the opening debate today on employment and industrial relations when there will be pressure for a clearer statement of policy on how to combat excessive wage demands.

Mrs. Thatcher has in the past declared the need for strict cash limits in the public sector but for market forces to operate in the private sector. Mr. James Prior, employment spokesman, warned yesterday, however, that if inflation was to be kept under control "we have to have very close regard to what we pay out in wages."

Speaking on BBC radio, he accepted the need to move towards less Government interference and more freedom to negotiate, and said there would have to be an incentive package with tax cuts that would give people more desire to work.

Some Tories are worried that there could be pressure during the debate on Rhodesia for a much harder line to be adopted by the party leadership, including the abandonment of sanctions. Mr. John Davies, shadow Foreign Secretary, will argue that in the present fluid situation the party should keep its options open.

News Analysis, Page 6

Morley resigns with £200,000 pay-off

By Adrienne Gleeson

MR. ERIC MORLEY is to resign as chairman of Mecca and as a director of both Mecca and its parent Grand Metropolitan—but not until the end of this year. As part of the "amicable severance," Mr. Morley is to be paid £200,000—one of the largest pay-offs ever.

This was the outcome of yesterday's long Board meeting, which was adjourned for four hours while Mr. Morley consulted his legal advisers.

According to his wife, Mr. Morley went into the meeting determined to fight the dismissal which came as "a bolt out of the blue" half way through last week. He emerged from it declining to add anything to the agreed statement issued by all parties to the dispute. This said it "would be in their mutual interests if there were to be an amicable severance of relationships."

Meanwhile at the Mecca regional office in Hammersmith, West London, a meeting of 250 Mecca executives from all over the country promised "overwhelming" support for Mr. Morley.

Half-way through the day they sent a "very strong" note to Mr. Maxwell Joseph, Grand Metropolitan chairman, pointing out that Mr. Morley had the support of senior executives of the company, which he has headed since 1961. Earlier talk of industrial action in his support had, however, been dropped by yesterday afternoon in favour of a wait-and-see policy.

Mecca executives have had no hesitation in ascribing the difficulties between Mr. Morley and the Grand Metropolitan board to a clash of personalities—a view which is generally accepted. A spokesman for the employees, Mr. Patrick Button, said that the dispute had been over the autonomy which Mecca has enjoyed under Mr. Morley. "He is very much a driving force in his own company," he said.

Personality differences may, however, have been exacerbated by Mr. Morley's determination to defend the bonus scheme which his staff have enjoyed. In their statement, Mecca, Grand Metropolitan and Mr. Morley agree that there have been "important differences of opinion in various matters."

Profile, Page 8

THE LEX COLUMN

Glaxo runs out of momentum

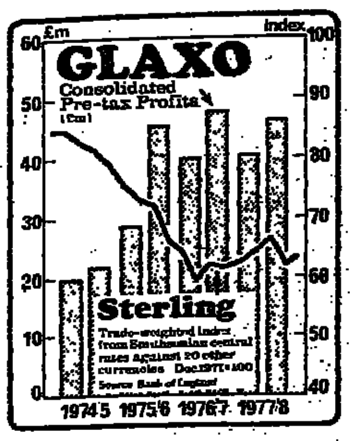
Glaxo's figures make cheerless reading, more especially as the 5 per cent drop in trading profits to £80.9m reflects general gloom rather than any particular difficulty. The group is caught in an awkward hiatus between the maturity of its established drugs and the achievement of profitability by its newcomers, Trandate, the antihypertensive, and the antibiotic Zinacef.

At the same time it is finding it hard to raise prices promptly in some markets and international price-cutting in cephalosporins is hurting margins. Vestric, the wholesaling subsidiary, has also seen margins shrink with a 19 per cent growth in sales leaving trading profits only 9 per cent higher at £7m. Sterling, which has helped earnings in previous years, has had hardly any overall impact over the year.

Meanwhile research and development costs are rising to around £25m in the current financial year against £20m in 1977/78—and working capital, which rose 28 per cent in 1976/77, continues to grow quite rapidly, with stocks up around 15 per cent at £170m at June 30 this year. Glaxo still has very large quantities of cash but short-term liabilities have risen to £63m from £26m as a result of the Meyer acquisition and the repayment of its 8 per cent D-mark bond. These operations have brought net liquidity down to £23m from £60m over the year.

This year Glaxo will carry out a major U.S. product launch through Meyer, while Trandate and Zinacef should begin to contribute significantly to overall profits. But it may take some time to move off the present plateau, and the shares, which at 605p sell at over 12 times fully taxed earnings, yield only 2.8 per cent.

Index rose 7.2 to 510.2



Phase IV loophole

Now that the phase IV round of pay negotiations is under way—and companies find themselves crunched up against the 5 per cent limit—attention is likely to focus on the Government's new share incentive scheme for employees. Although shares may not be allocated under such schemes until after April 5, 1979, there is nothing to prevent companies entering negotiations now—or back-dating profit-sharing arrangements to cover accounting periods which end after the effective date. The main reason for considering these schemes now is that profits shared under approved schemes are exempted from the pay guidelines.

These schemes may be entered into by either quoted or unquoted companies, though the chances are that their use will be more common in the listed sector. The basic rule is that each employee is entitled to a share of profits in any year up to a maximum of £500. The funds so allocated are then used to acquire shares of the company. And if these shares are held for at least five years, tax advantages accrue.

The tax incentive is graduated depending on the period for which the employee holds the shares; between five and seven years the percentage of original value (or sales proceeds if lower) liable for income tax is reduced by 50 per cent. For holdings of between seven and 10 years the reduction is 75 per cent, and for 10 years and over there is no income tax liability at all.

It may be felt that trade unions would have little interest in share incentive schemes, yet in the present conditions they do offer scope for bargaining. At any rate, such is the anticipated interest that already the Inland Revenue's technical division has set up a special unit to give formal approval to individual company schemes, or to have informal discussions with companies and their professional advisers. Accountants Deloitte Haskins and Sells are also expecting considerable client interest and are also publish a book on the titled "Shares for [illegible] for general release.

Listed companies contemplating share incentive schemes have to get their shareholders' approval in general [illegible] before going ahead. A [illegible]lar problem here is the [illegible] of the institutions [illegible] generally operate a [illegible] guideline for the [illegible] employee shares in [illegible] Investment Protection [illegible]mittees of both the [illegible] Insurance Association and National Association [illegible] Pension Funds are [illegible] considering the matter and pronounce within a [illegible] Among the possibilities examined are raising the [illegible] to 7½ per cent, or [illegible] limit on the percentage of [illegible] tax profits which [illegible] allocated annually.

Freemans

Freemans has become [illegible] of the first companies [illegible] its dividend up in line [illegible] profits under the new [illegible] cover provision in the [illegible] controls. Its interim [illegible] rises a full 30 per cent [illegible]ing a rise from £5.5m [illegible] in pre-tax profits.

Sales have risen by [illegible] 21 per cent during the [illegible] compared with a gain of [illegible] 17 per cent for the mail [illegible] sector as a whole, and [illegible] is up by nearly 11 per cent.

This rate of sales [illegible] likely to continue over [illegible] of the year. The rate of [illegible] increase could tail off [illegible] since the half-year figure [illegible] flattered by comparison [illegible] period that had unusually [illegible] finance costs and some [illegible] provisions against [illegible] stocks. Still, Freemans [illegible] be heading for around [illegible] pre-tax for the year [illegible] just over £13m which [illegible] probably represent the best [illegible] formance among the major [illegible]ent mail order houses [illegible] would leave the shares [illegible] to 405p yesterday, selling [illegible] fully taxed p/e of about [illegible] a yield of perhaps 2.8 per [illegible]

That is obviously a [illegible]ing rating. But the recent [illegible] record is one of the best [illegible] non-food retail sector. A[illegible] the long term Freemans [illegible] enthusiastic about the [illegible] introducing improved elec[illegible] systems into the mail [illegible] sector.

Smith asks U.S. to end 'partisan attitude'

BY DAVID BUCHAN

WASHINGTON, Oct. 9.

MR. IAN SMITH today called on the U.S. to cease its "partisan attitude" and to give the interim Salisbury Government the same bearing and treatment it had accorded the Patriotic Front guerrillas.

The Rhodesian Prime Minister said it was incomprehensible that the U.S. and the UK should have sided with the Russians and Cubans, in backing the Patriotic Front guerrillas who "wish to impose themselves as the new leaders of the country through the barrel of a gun."

Mr. Smith said he had no new plans to present to Mr. Cyrus Vance, the U.S. Secretary of State, whom he is due to see later today. The internal settlement proposals of March 1978, he said, complied fully with past American and British demands for a transfer to black majority rule in Rhodesia.

He was speaking at a press conference on Capitol Hill after meeting some of the Senators who had invited him to the U.S. He said his reception by the Senators, largely conservative sympathisers of the Smith regime was "cordial."

The Rhodesian Prime Minister said further moves to abolish racial discrimination, such as the recent measure ending restrictions on urban housing, might be announced later this week.

Our Foreign Staff writes: The British Government is considering how it can help boost Zambia's defence capabilities, although ther is no question of committing British troops to the country.

Britain undertook to examine ways of granting fresh military and economic assistance to Zambia last month, when Mr. Callaghan, the Prime Minister, met President Kaunda in the northern Nigerian town of Kano.

The Zambian leader is understood to have expressed major fears of an attack on his country from Rhodesia and to have demanded British military assistance.

Since then, the two Governments have explored a range of possibilities, including British help in refurbishing Zambia's Rapier missile system or the provision of UK technical military advisers.

Zambia is also understood to be interested in acquiring the British-built Harrier jump-jet, although there are doubts in Whitehall whether the country would be able to operate the aircraft without major British technical back-up.

Furthermore, there will be some hesitation on the British Government's part in committing even military advisers to Zambia and thus to what could become a major military confrontation with Rhodesia.

Plans for increased British aid to Zambia—military or non-military—could be thrown into question by President Kaunda's threat at the end of last week to raise the Bingham report on Rhodesian oil sanctions busting in the United Nations Security Council, say officials.

This remark took the British Government by surprise, since President Kaunda had appeared to leave Kano satisfied that the dispute between him and the UK over sanctions busting was a thing of the past.

Britain and the U.S. have raised the possibility of holding a referendum before Rhodesian independence, rather than the elections—foreseen in the Anglo-American proposals published a year ago.

In a paper recently circulated to the various parties to the dispute, Britain and the U.S. have put forward an optional alternative scheme under which a referendum would be held within three months of the start of transitional administration. Voters would be asked their verdict on the proposed independence constitution and the date planned by the transitional administration for elections, which would have to be held within the following six months.

If there was a majority "yes" vote, then Rhodesia would gain immediate independence, although the transitional Government would remain in office until the elections were held.

Continued from Page 1

Prices

in labour costs. A partial explanation may be an improvement in productivity, although recent profit figures suggest that cost increases may not have been passed on fully.

Prices charged at the factory gate for all manufactured products rose by 7¾ per cent in the year to September, the same as the revised 12-month rate in August.

Over the last year, the index of the cost of materials and fuel purchased by manufacturing industry has fallen by ½ per cent. The index rose by 0.55 per cent in September and has increased by 2.1 per cent in the last six months.

Last month's rise in costs occurred in spite of an 0.48 per cent average rise in the index of the pound's value against a basket of currencies and of an 0.86 per cent increase against the dollar which cut the sterling cost of imports, notably of crude oil. The increase in the index principally reflected higher prices for cobalt, home-landed fish, pigs and coffee.

The index of the cost of materials bought by food manufacturing companies rose by 1½ per cent last month, while prices charged by this sector went up by ½ per cent.

Ministers to discuss European monetary system

By Philip Rawstorne

MR. JAMES CALLAGHAN is to hold a series of meetings with senior Cabinet Ministers over the next week to discuss the Government's approach to the Franco-German proposals for a new European Monetary System.

The issue will be at the top of the agenda when the Prime Minister visits Bonn on October 18-19 for one of his regular meetings with Chancellor Schmidt.

Mr. Callaghan is likely to be accompanied by Mr. Denis Healey, Chancellor of the Exchequer.

The Prime Minister is also planning to visit Rambouillet for talks with President Giscard d'Estaing next month in advance of the European Council meeting in December at which the adoption of the new system will be the main subject for discussion.

Mr. Callaghan returned to Downing Street yesterday after the Labour conference to begin a detailed study of the European Monetary System proposals.

At his meetings with Ministers he will assess the likely effects on the Government's financial and economic policies of British participation in the system. Ministers will also weigh the possible consequences of remaining outside the scheme if it were to be accepted by the other EEC countries.

Contrary to some reports, Mr. Callaghan has not shown any predisposition in favour of the scheme, which encountered strong opposition from within the Labour Party at the Blackpool conference last week. Nor is he inclined to rush his Cabinet colleagues into a snap decision.

The Prime Minister shares the view, publicly expressed last week by Mr. Healey, that the effects of the scheme on Britain's economic growth and employment will be the critical factors in deciding the Government's attitude.

Shipbuilder to axe 370 jobs

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SMITH'S DOCK, the Teesside member of British Shipbuilders, yesterday served redundancy notices on 370 steelworkers and ancillary employees.

All the jobs lost are at the company's Haverton Hill yard, where workers have refused to sign a guarantee of normal working practices which could have brought orders to the yard.

The Haverton Hill workers were asked to give guarantees at the time the £115m Polish order was being shared out, but they followed the refusal of shop stewards at nearby Swan Hunter to make similar undertakings.

Stewards at Smith's Dock's other yard, South Bank, did sign the necessary documents, and are now working on three of the Polish ships, providing at least temporary security for the 1,900 men employed there.

The redundancies at Haverton Hill, which is completing the final ship in its orderbook, will reduce the workforce by more than a quarter and if contracts are not found by the end of the year, more jobs will be lost.

Smith's Dock is known to be in the final stages of negotiating a £13m deal to build a refrigerated cargo ship for Bank Line and both its yards are technically capable of carrying out this work.

If this order goes to South Bank, the future will look desperate for Haverton Hill, which could well find itself a candidate for closure when British Shipbuilders completes its corporate plan later.

Smith's Dock said last night that more than 50 of the displaced men would be found work at South Bank.

More redundancies are certain to be announced by British Shipbuilders' companies before the end of the year as work starts to run out.

Cammell Laird of Birkenhead is expected to be among the next to make cuts, adding to the problems of Merseyside where the privately-owned Western Shiprepairers closed earlier this year with the loss of 800 jobs. Since nationalisation in July last year, more than 2,700 men have left British shipbuilders.

Continued from Page 1

GEC Plessey talks

(MOS) techniques. GEC hopes to benefit from the production expertise in the new factory to help it design and produce tailor-made circuits.

Some of these special circuits (for example those for telephone equipment) may need to be produced in relatively large volume. These could be manufactured at the joint GEC-Fairchild factory.

However, GEC at present lacks plant suitable for making high-technology special circuits in modest volumes. For this purpose, Plessey's factories clearly would fit in well with GEC's longer-term plans with Fairchild.

Plessey, for its part, is thought to be reluctant to part with a semi-conductor operation which has contributed significantly to its product developments in defence, radar and communications businesses.

However, it has become clear to the company that the enormous investment will be needed to stay level with its international competitors.

Even with Government help, the cash requirements may prove to be beyond Plessey's reach, particularly if it wishes to develop more profitable parts of its business. Earlier this year, it had talks with the NEB about the problem, but without result.

The cost of investment in semi-conductor technology is expected to continue to rise steeply during the next decade as circuit elements become smaller and smaller.

Plessey also faces an acute dilemma about what to do with its newly developed techniques for making high-density magnetic bubble memories.

Although its research is said to be well up with that of the leading U.S. companies in the field, very large investments would be needed to build up enough production volume to compete in world marekts.

Weather

UK TODAY

CLOUDY with rain or showers, becoming brighter in the north during the day.

London, S.E., Cent. Southern, S.W. England, E. Anglia, Channel Islands

Cloudy, rain at times. Max. 17C (63F).

Midlands, E. England, S. Wales

Cloudy, rain. Max. 14C (57F).

N. Wales, N.W., Cent. N., N.E England, Lake District, Isle of Man

Cloudy, brighter later Max. 12C (54F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland

Sunny intervals, showers. Max. 10C (50F).

S.W., N.W. Scotland, Glasgow, Argyll, N. Ireland

Sunny intervals, early showers. Max. 10C (50F).

Orkney, Shetland

Sunny intervals, early showers. Max. 8C (46F).

Outlook: Mostly dry in the north, some rain in the south. Temperatures near normal.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	C	17	63	Madrid	S	25	77
Athens	C	23	73	Manchstr.	C	17	63
Bahrain	S	32	90	Melbourne	F	20	68
Barcelona	F	23	73	Mexico C.	C	18	64
Belfast	C	15	59	Milan	S	20	68
Belgrade	S	21	70	Montreal	C	3	38
Berlin	S	19	66	Moscow	S	5	41
Brmnghm.	C	15	59	Munich	S	18	64
Brisbane	F	22	72	Newcastle	F	18	64
Bristol	C	16	61	New York	S	11	53
Brussels	C	20	68	Oslo	C	11	52
Budapest	C	20	68	Paris	S	21	70
B. Aires	S	22	72	Perth	F	23	73
Cairo	S	30	86	Prague	C	11	52
Cardiff	F	16	61	Reykjavik	F	3	37
Chicago	C	16	61	Rio de J'o	S	21	71
Cologne	S	21	70	Rome	S	23	73
Copnhgn.	Fg	10	50	Singapore	S	29	83
Dublin	C	16	61	Stockholm	F	12	54
Edinburgh	C	15	59	Strasbrg.	S	21	70
Frankfurt	S	17	63	Sydney	F	18	64
Geneva	S	15	59	Tehran	S	25	78
Glasgow	C	15	59	Tel Aviv	F	26	79
H. Kong	S	25	77	Tokyo	C	20	68
Jo'burg	S	23	73	Toronto	C	10	50
Lisbon	F	22	72	Vienna	S	21	70
London	R	16	61	Warsaw	S	20	68
Luxemb'g	S	18	64	Zurich	S	13	55

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Las Plms.	C	27	81
Algiers	S	25	77	Locarno	S	20	68
Biarritz	F	28	82	Majorca	S	23	73
Blackpool	F	17	63	Malaga	S	25	77
Bordeaux	S	22	72	Malta	F	21	70
Boulogne	R	15	59	Nairobi	S	25	78
Cape Town	S	16	61	Naples	S	22	72
Corfu	C	23	73	Nice	S	22	72
Dubrovnik	S	22	72	Nicosia	S	27	81
Faro	F	24	75	Oporto	F	22	72
Florence	S	22	72	Rhodes	S	24	75
Funchal	S	21	70	Salzburg	S	20	68
Gibraltar	C	20	68	Tangier	S	28	82
Guernsey	C	15	59	Tenerife	F	19	66
Innsbruck	S	20	68	Tunis	S	23	73
Inverness	C	14	57	Valencia	F	23	73
Isle of Man	F	14	57	Venice	S	20	68
Jersey	C	16	61				

S—Sunny. F—Fair. R—Rain. C—Cloudy. Fg—Fog.

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